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CONTENTS

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WITH THE EDITORS

Do You Really Know Your Company?

SOMEONE has very succinctly described the trend of modern business organization as one of "concentration of control and decentralization of ownership." That is to say, as units of industrial, transportation and financial operations are steadily being merged into larger and larger groups for purposes of economy and efficiency, the wide dissemination of securities means an ever-widening circle, a growing multitude, of individual owners.

Whereas twenty years ago ownership of some of the largest corporations was retained by a family group, or a handful of individuals, today ownership of the great majority of the leading companies is very literally "in the hands of the public." Where a dozen people were intimately concerned with the destinies of an enterprise a generation ago, several thousands are the real proprietors now, albeit the individual stake is correspondingly smaller.

It is true that actual management of most companies is of a high order, but with typical American carefree abandon, too many present day stockholders are prone to rest on this assumption. Indeed it is a safe observation that probably not one shareholder in a hundred knows who the officers and management of the companies in which he is a stockholder, actually are, let alone their capabilities. Annual stockholders meetings are a joke in this country from the standpoint of attendance of registered shareholders, even by proxy. One may reasonably pause to ask whether this is a wise policy. Certainly it is not in accord with the customs of our English cousins. Shareholders meetings of a British corporation are not only attended by those financially interested in the business, but stockholders not infrequently exercise their rights of inquiry into the affairs of the company and demand to know whys and wherefores of policy and official acts.

Of course this does not mean that corporate officials should be heckled on their policies, nor hampered in the just discharge of their stewardship. There is however, a happy medium between utter disregard and reasonable familiarity with affairs, in which stockholders may serve their own best interests by better acquaintance with the affairs and management of the enterprise of which after all they are the partners.

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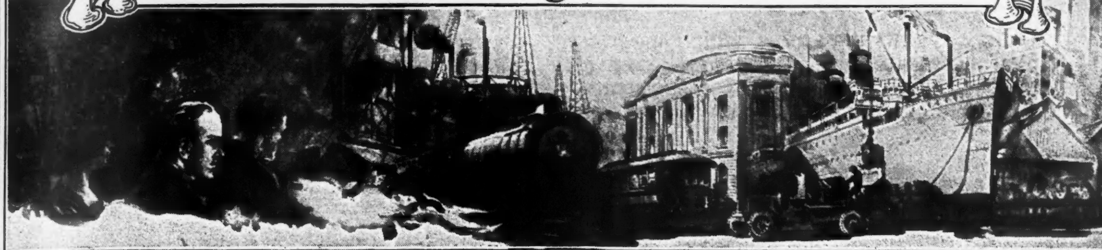


C. G. WYCKOFF
PUBLISHER

E. D. KING
MANAGING EDITOR

INVESTMENT & BUSINESS TREND

Huge Capital Exports—Municipal Expenditures—Business Conditions—Bond Market—Market Prospect

THE continued huge volume of our exports of capital has raised the query as to whether or not, in interesting ourselves in such large measure in foreign securities, we are making a mistake. During the past ten years, or since the war, we have purchased billions of dollars of foreign securities of every description ranging from gilt-edge Government issues to promotions in Africa. As a result, we find ourselves lenders of capital in every quarter of the globe and, to an increasing extent, equity owners of foreign property, through purchase of stocks.

It is true, of course, that flotation of such loans in this country has to a large extent increased productivity abroad, and, therefore has increased the ability of foreign lands to take our principal products, such as cotton and petroleum. Nevertheless, the question can fairly be asked as whether or not such a huge volume of capital exports has not diverted capital from parts of this country which are still in the development stage and which are required to pay interest rates on their borrowings far higher than the more developed sections.

Is it possible that sections of this country have been starved, financially at the same time that we have ameliorated conditions abroad? From the viewpoint of economic theory, of course, it can be proved that when nations produce capital in excess of their ability to consume it the sound thing to do is to export the excess. From this larger viewpoint, it appears that the United States is in a position to facilitate the export of capital on a great scale. From the practical viewpoint, however, it is known that while the United States, as a whole, is in a position to send capital abroad, there are a number of impoverished industries and sections at home which require attention. It seems that it might be good policy to divert at least a part of our excess capital now going abroad, to domestic purposes, where needed.

MUNICIPAL EXPENDITURES

THE steady increase in municipal taxes, since the ending of the war, has been met with grumbling on the part of taxpayers here and there but for the most part, the subject is not considered of sufficient importance to cause any real commotion. Property values have risen during the decade just past to a point which more than adequately meet the increase in taxes. Furthermore, the increase in prosperity has served to obscure the significance of the steady increase in municipal debts. It may be presumed that so long as property values increase and prosperity is more or less well sustained, there will be no really grievous economic effects arising from the increase in municipal taxes. Nevertheless, a period of national adversity would, undoubtedly, tend to have a devastating financial effect

upon many municipalities which have continued to make new and extravagant expenditures at a time when conservatism would have proved a far better policy.

BOND MARKET

BONDS remain quiescent, except for convertible and similar type issues. Large scale buyers evidently are unconvinced that this is the proper time to acquire large blocks of gilt-edge issues. This feeling has evidently been imparted to the rank and file of investors with the result that the market is the quietest in a very long period. This lack of interest, however, is probably only temporary. The first sign that money rates have passed their peak will be followed by a broad buying wave which should have a tonic effect on the entire market. We think that the time is at hand to acquire bonds which are selling on a cheap basis in the market. There are many such, especially in the second grade division.

BUSINESS CONDITIONS

BUSINESS enters 1929, sanguine as to nearby expectations. Most commentators seems to believe that business will be active and profitable during the first few months of the year. Few seem to care to commit themselves beyond this point. It is important, however, that several industries such as coal and shipping which have been thoroughly depressed for a long period, seem to be looking up. Perhaps, this is a harbinger of greater national prosperity than we have yet enjoyed. There is a minority which believes that 1929 will represent the most successful period for business in our entire history.

The Market Prospect

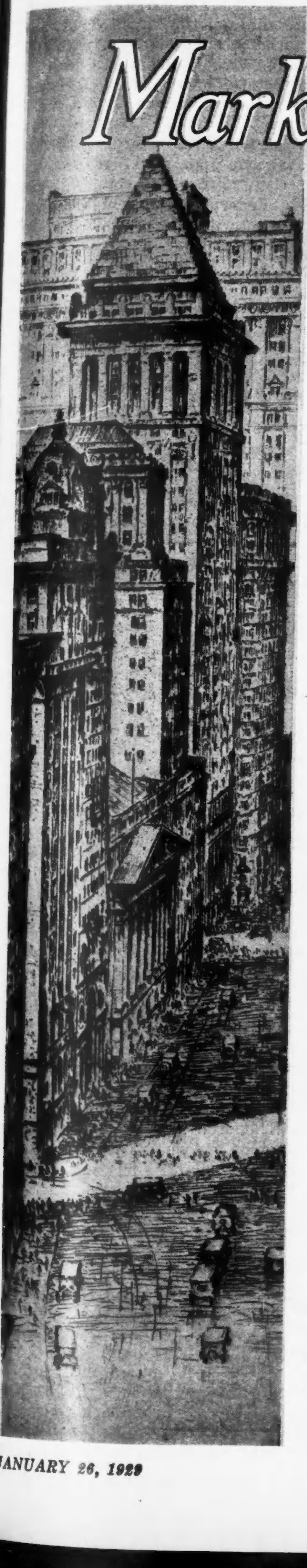
SHOWING itself highly susceptible to money conditions, the stock market first turned weak as interest rates advanced toward the mid-month, and followed this up by pronounced strength as credit eased. Public participation in the rise does not seem so extensive as during the period preceding the December break. Many seem sceptical of the market's ability to inaugurate another sustained advanced and, undoubtedly, under cover there must be a considerable amount of investment selling by the more conservative investors who are looking ahead a bit. In the meantime, the recent advance, largely inspired by short-covering and a rather reckless sort of manipulation, does not appear as solidly grounded as its predecessor which was rudely halted by the December debacle. Technically, the market seems stronger than it really is. By this is meant, that the spectacle of rising prices in some of the leaders and in a number of specialities hardly serves to hide the fact that under-cover selling is commencing to take place in other parts of the list. The railroad group still seems in the strongest technical position of any, and an advance of large proportions among the rails may be expected if the current decisions to be rendered are at all favorable from the railroad point of view. Investors should be careful to maintain a policy of keeping fairly close to shore and not adding unduly to their list of stock holdings. Substitutions may profitably be made from stocks which are inflated above value to others which have not yet participated in the advance and which are entitled to sell higher on the basic of intrinsic value.

The bond market at this time requires special attention. Many investors have been impressed with the rather poor outlook for money rates and have acted on the conviction that as a result of high money rates bonds would not prove profitable in the near future. They have consequently dumped their holdings even at a loss and have transferred their funds into the more active and more profitable common stocks. From the more immediate viewpoint this may prove a profitable policy but we are inclined to doubt whether this constitutes a sound undertaking from the longer-range viewpoint. It is true that high money rates militate against bond prices at the present time and that the bond market may prove a dull place for some time to come. Nevertheless, with the stock market already advanced to unprecedented levels, and with the possibility that stocks may run into a fairly extensive period of liquidation some time during the next several months, it would hardly seem advisable to take investment funds out of the bond market, which has already probably seen the worst, in order to place funds in the stock market which probably is in a vulnerable position. We should rather be inclined to recommend that investors lighten up on their stock holdings and add to their bond investments.

Monday, January 21, 1929.

Market Finds Gallant Adversary In Federal Reserve

By Arthur M. Leinbach



DURING critical periods, the bank statements of the Federal Reserve Board disclose dramatic situations in the banking world that are seldom fully appreciated by the public at large.

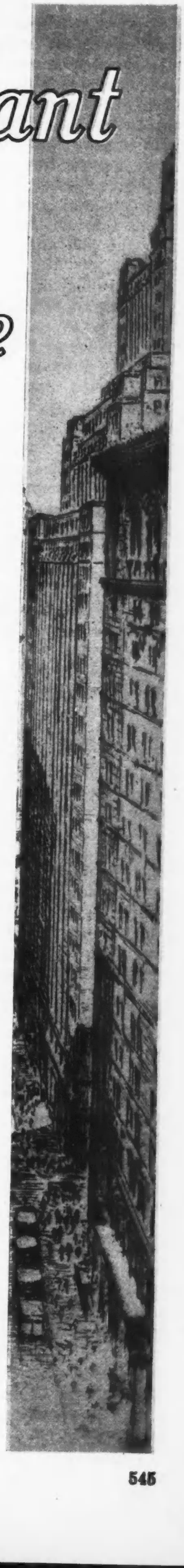
At the end of the past year, for instance, those who followed financial news carefully may have noted a rather uneasy tone to the comments, cautiously worded, of the bank statements then appearing. Brokers' loans had reached new record proportions, commercial borrowing was seasonally heavy, gold reserves had fallen off, time loans and call money rates were at their highest levels since the deflation period of 1921.

The non-banking lenders in the money market—corporations and individuals who place their surplus funds on call—found that they had pressing needs for these "idle" funds for their own year-end use and withdrew sums running in the aggregate into hundreds of millions of dollars. These developments, all coming at the same time, sent the member banks to the Federal Reserve Banks for a huge volume of additional borrowing in the form of rediscounts, notwithstanding the grave warnings made repeatedly throughout the year to cut down on their already heavy rediscounts at the central banks.

This is a simple, non-statistical description of the facts that the year end bank statements disclosed. To the casual observer, the whole matter might have been dismissed with the thought that it represented merely a tight money situation incidental with the closing up of one financial year and the usual strain on bank credit in preparation for the next. To those who were familiar with the inside workings of the money markets, however, the situation held a tremendous amount of dramatic significance.

Rising Power of Federal Reserve

In the rapidly shifting figures of these cold dry bank statements, they saw borrowers of speculative funds falling into a weak position while the control of the banking community over security markets and the potency of Federal Reserve policy grew more and more absolute. A rise in bank acceptances, and declining ratios of the Federal Reserve Banks were other developments which may or may not have been paving the way for some drastic action on the part of the Reserve Board officials.



Etchings by Anton Schutz.

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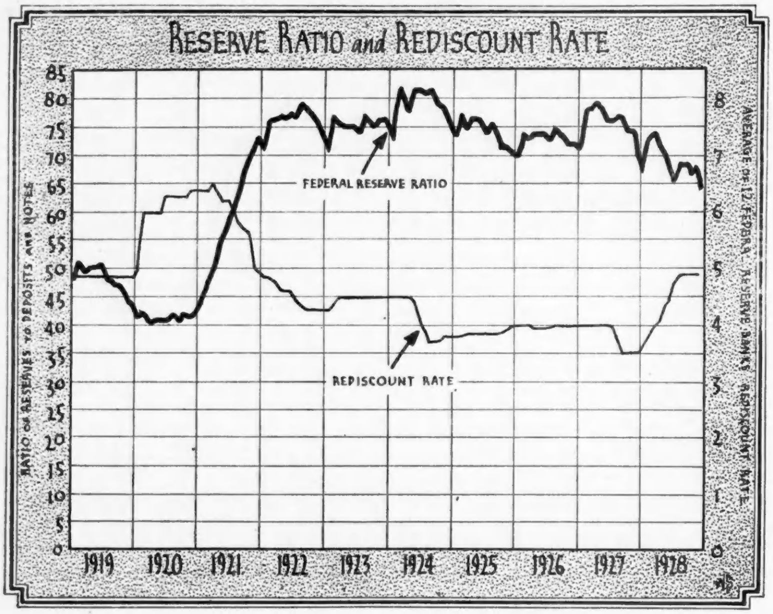
It was at this time that many of the "great minds" in Wall Street called up in retrospect, perhaps like men doomed to some unwelcome fate, the pictures of fast moving banking developments throughout the year 1928. They recalled that as far back as the fall of 1927 the Federal Reserve Board, in an effort to encourage gold exports to foreign countries where they were badly needed for currency support, forced a reduction in the rediscount rate over the protest of some of the interests within the Reserve system. They were mindful of the fact that this policy resulted in a movement of some 500 million dollars worth of gold out of the country. At the same time the inordinately low money rates kindled the fires of speculation at home. In an effort to dampen this speculative enthusiasm which the "cheap money" policy had unwittingly kindled, the Reserve system twice raised its rediscount rates during the spring of 1928.

They remembered vividly how the stock market failed to heed these warnings and surged upward in the face of the pressure of higher money rates. On a credit base that was considerably narrowed through the loss of half a billion dollars of gold reserves, the member banks brought their eligible paper to the Federal Reserve banks in order to meet the growing credit demands of the securities markets. When member bank rediscounts crossed the billion dollar mark in early July and the stock market had worked itself into a vulnerable position with a new high record for brokers loans, the Federal Reserve officials again raised the rediscount rate in a majority of the reserve districts to 5 per cent, precipitating a severe decline in stock market prices.



Observers See Hidden Danger

This rapid train of events in the banking world during 1928, leading only to the interpretation of a position of opposed interests between the current stock market boom and the conservative influence of the Federal Reserve Board, made a deep impression in the light of the year-end bank statements. They were especially impressive to those who read the year-end bank statements with real understanding of the possibilities of the occasion. Should the banking officials feel inclined to press the advantage which events opened up to them—what would happen then? For it is now acknowledged in banking circles that the most important single factor that blocked the efforts of the Reserve Board in 1928 was the tremendous growth of "outside participation" in the call money market. With a large volume of these funds withdrawn at the end of the year and heavy borrowing at the Federal Reserve Banks necessary to fill the gap thus created, the best informed interests in the stock market fully realized that the banking officials were in a position to strike a staggering—perhaps fatal—blow at the stock market.

Will Banking Authorities Act?

During the first fortnight of the new year, Wall Street was rife with rumors of impending disaster. On the weekly Federal Reserve statement issued January 3rd, but showing the condition of the twelve banks at the close of the previous day, member bank rediscounts stood at 1,151 million dollars. This was only 40 million dollars under the July peak, when the bank rate was raised and the market reacted. It was an increase of over 750 million dollars since January 1928. Would the second week of the year show a new peak? Would the rise in bankers acceptances to 5¼ percent, bid for the longest maturities, force the hand of the Reserve Board officials? Could the market, supported by 5,350 millions of brokers' loans made through the New York banks, stand the shock of another increase in the rediscount rate at this particular time of the year?

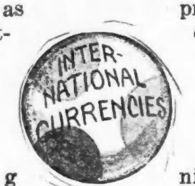
On January 2nd, the reserve ratio of the Federal Reserve Bank of New York stood at 54.1 per cent. At no time since 1921 had the reserve ratio of this institution been below 60 per cent. To correct an obviously weak position of the moment, would the New York Federal Reserve Bank take the initiative in another rediscount rate increase with its member banks in this district alone enjoying a credit extension in the form of rediscounts of close to a half a billion dollars? These are the questions that were asked in the financial district with much apprehension and many a grave shake of the head. Only the Federal Reserve board officials could give a positive answer and they were already on record with a policy of opposition to growing stock market credit. Although gallantry is no particularly conspicuous factor in banking policies, the "bulls" on the stock exchange tried to find some comfort in the hope for some spirit of sportmanship during these uneasy weeks when the Reserve Board stood poised to strike the market in a vulnerable spot.

As subsequent events showed, the Reserve Board proved itself to be a gallant adversary. According to the familiar legend in the financial district—one that is somewhat confirmed by official statements of Reserve system officials—the stock market and the banking authorities have been engaging in a vigorous duel for the control of the nation's surplus bank credits. In spite of the existence of a banking structure intended to keep the nation's banking reserves under the control

of the Reserve system, the stock market has managed to attract huge amounts of bank reserves as well as private wealth during the past year. If the Reserve officials were determined to break the advantage thus gained by the stock market, it had its opportunity within the past few weeks. But, with its adversary on his knees, the Reserve Board bowed courteously and gave the market a chance to get on its feet.

New York bank, the largest participant in year-end inflation jumped from 54% to 67%—one of the most striking changes in any one week for many years. In the light of these facts, it is readily seen how the money markets might at this moment be burdened with an oversupply of investment funds, had the Reserve Board seen fit to "shake a half a billion out of the market" at the end of the year, as many predicted they would atttempt to do.

Reasons Back of Reserve Policy It may be pleasant to view this delightful picture of banking gallantry, but more important, of course, is the reason why the Reserve Board elected to come to the aid of the market, in effect, in the latter's moment of need. One simple reason—though perhaps the most important of all—is the purpose of the Federal Reserve system as prescribed in the act that gave it existence. In some banking functions, the intended purpose of the system is still open to dispute. As a stabilizing agency in the banking world, however, it is universally recognized that a fundamental purpose of the system is to step into emergencies and prevent momentary credit shortages. Granting the premise that the Reserve Board is rightfully using its powers when it attempts to check the flow of credit into speculative channels under normal conditions, it still has the greater responsibility of preventing a "money panic" even at the expense of saving an incorrigible stock market from a deserved spanking.



Another factor which undoubtedly influenced the Reserve Board to avoid any precipitous action at the year-end was the long range outlook for money rates, both domestic and international as opposed to those seasonal tendencies which exaggerated the credit stringency at the moment. Except for the volume of bank credit that is being absorbed by the current stock market boom, there is no evidence of general credit inflation of a nature that renders the present banking position unsound. As long as there is a reasonable prospect that the growing wealth of the nation and its expanding investable surplus will be adequate, in the long run, to support a stock market boom and a strong banking position at the same time, it is inadvisable to change bank rates with every upward money rate flurry.

The strong recuperative power of the banking situation was seen after the bank statements of the second week were published. With the return of "outside lenders" to the call money market, the member banks were able to reduce their borrowing at the Federal Reserve by about 275 million dollars in one week. This shrinkage in rediscount holdings of the Reserve banks and a smaller shrinkage in Federal Reserve note circulation, plus larger gold reserves restored the ratio of reserves for the entire system to 66.3 per cent. The ratio of the

Banks Are Heavily Involved The fact that the support of the Reserve system was not withheld from the money market in its time of need, becomes an important phase of current Reserve Board policy. For instance, it now seems clear that whatever measures the authorities of the system will use to hold down the flow of bank credit into speculative channels, such measures will be employed cautiously. For one thing the banks themselves are heavily involved in this market, to some extent as owners of securities but to a larger extent as the extenders of credit that make present values possible. Although these credits have been extended with the greatest conservativism, it is unwise to tinker too much with any structure that accommodates directly or indirectly some fifteen billion dollars worth of bank credit.

In addition to the banks themselves, the public is very heavily committed in the market, both from the investment and the trading standpoint, and the popularity of security buying that has prevailed for the past few years has been a god-send for those industries which require new capital. Investors and business executives have gained a somewhat vague but nevertheless lasting impression that the Federal Reserve Board has been unfriendly to this market advance notwithstanding that it has been a source of both income and excitement to the public. Consequently, the board has had a good deal of criticism heaped upon it and the fact that much of this criticism may have been unwarranted is indeed a small blessing. However, essential or desirable it may have been to help the foreign central banks in their efforts to bolster up currencies, it is hard to convince voting citizens at home that such policy is for the best interests of our own country, if the domestic security markets must ultimately pay the price of the international banking cooperation.

Influence of Public Opinion It goes without saying that the

(Please turn to page 592)

Billions at Stake in Railroad Suit

By Pierce H. Fulton

THE suit now being tried before the United States Supreme Court is in the nature of a test case. The decision may have far reaching effects on the railroads of the country and for this reason is of vital interest to all investors in railroad securities.—Editor.

"THE Greatest Law Suit in History." This is the characterization of the famous St. Louis & O'Fallon Railroad valuation case given, not by a writer of sensational newspaper headlines, but by a member of that supposedly conservative body, the Interstate Commerce Commission.

Probably the Commissioner was right. Certainly he ought to know. No one at all familiar with the whole question of railroad valuation will attempt to deny for a moment the supreme importance of this particular case.

It occupies this position in railroad affairs, not because of the amount of money involved for the company of record. That is insignificant except for that company. In reality, this is a three-sided suit. The directly interested parties are the railroads and their security-holders, the shippers and the government. For each the eagerly awaited decision of the United States Supreme Court may mean millions of dollars.

The O'Fallon case is of the greatest importance also because of the broad and vital principles as to valuation that are involved. Certainly, if it is not "the greatest lawsuit in history" it is one of the greatest.

Both of these statements may seem exaggerated to the conservative observer who is not familiar with the whole matter. "What, really, is involved," some one may ask, "that would justify such assertions?"

First, the basis on which the physical properties of the railroads of the United States are to be valued, and whether the valuation in the aggregate will be 18.9 billion dollars or 30 billion dollars—quite a difference.

Second, whether the railroads, both large and small, with big surplus earnings, are to pay millions into the government treasury as "recapture" earnings, or have those millions to re-invest in their properties, or distribute to their stockholders in increased regular, or extra dividends, or both.

Third, whether the basis of determining valuation to be fixed by the Supreme Court will mean a figure so high as to justify an increase in rates sufficient to support it, or a valuation so low as to seem to justify a reduction in freight rates, or at least no increase.

Fourth, this question of higher or lower freight rates is vital alike to the railroads and their stockholders on the one side, and to the shippers and their business undertakings on the other.

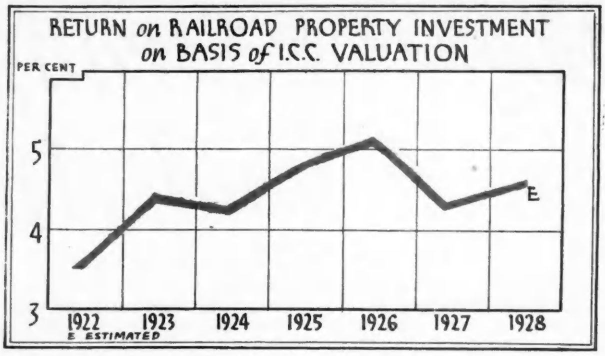
Fifth, the credit of the railroads. If the valuation finally given to individual railroads by the I. C. C., in accordance with the requirements of the pending Supreme Court decision, is materially below their capitalization, obviously their credit position would be weakened correspondingly and materially.

Are not these considerations, without naming others, of sufficient importance to justify the characterization of the St. Louis & O'Fallon case as "The Greatest Law Suit in History?"

Setting of the Case

Before taking up a discussion of the vital principles involved and an outline of the position and arguments of the various parties to the case it will be well to get the exact setting of the whole proceeding.

The suit was brought originally in the name of the St. Louis & O'Fallon Railroad Co., with which is linked the Manufacturers Railway Co., and which it was claimed constitute a system. Together these two roads have only about 9 miles of main line and 12 miles of yard and siding tracks. The roads run from the coal fields of Illinois to a connection with the Terminal Railroad Association of St. Louis at East St. Louis. They are owned by the estate of Adolphus Busch, whose executors claimed a value of $1,350,000. This figure is in striking contrast with a valuation found by the I. C. C. ranging from $856,065 in 1920 to $978,874 in 1922.



Just a word of history at this point to make these figures clear to every one. In 1913 Congress passed the Valuation Act, a child of the late Senator LaFollette of Wisconsin. It empowered the I. C. C. to attempt to find a valuation for the railroads of the United States individually. Senator LaFollette and his followers claimed that the railroads were greatly over-capitalized, being burdened with "watered stock," and held that this claim would be established by the valuation figures, when once they were determined.

At that time valuation was undertaken solely or chiefly to determine whether the figures would justify adjustments of freight rates upward or downward. Senator LaFollette claimed it would be in the latter direction.

Government's Share in Earnings

That was in 1913. Seven years later the Transportation Act was passed. It provided that if in any year the net income on the money invested in the property, taken as a "true valuation," should exceed 6%, one-half of the amount above that rate must be paid into the treasury of the United States Government. The other half was to be retained by the railroad to be used for improvements and betterments of the property, but under severe restrictions set up by the act.

This provision of the Transportation Act made the purpose of valuation two-fold—the fixing of a basis for rate making and another on which the so-called "re-capture" earnings would be determined. The situation at once became complicated because of the seeming effort of the I. C. C. to find a value for rate-making purposes one way and a value for gathering in "re-capture" earnings another way.

With these explanations we are ready to begin at the beginning of the famous and highly important St. Louis & O'Fallon valuation case, from the standpoint of the stake—"The Greatest Law Suit in History."

O'Fallon, the Test Case

It was because of the valuation given that road for determining "re-capture" earnings, and the amounts of the latter claimed for four successive years, that the O'Fallon road filed its protest with the I. C. C. For the year 1920 the Government demanded that "excess" earnings of $53,378 be paid. For 1921 the amount was raised to $65,103. For 1922 it dropped to $53,196 and for 1923 was up to $55,205, a total of $226,881 for the four years.

The Commission handed down a decision on February 15, 1927, upholding its methods for determining valuation, which involved the use of unit prices prevailing prior to 1914. The case was then taken to the United District Court at Kansas City. The railroads of the United States joined in this proceeding, making it a so-called "test case" with respect to the basis or bases on which railroad valuation should be determined. This action was taken, although some prominent railway executives were of the opinion that the case was not a particularly good one and that the position of the railroads should be determined through the medium of another case, drawn in somewhat different form.

That court, in its decision of December 19, 1927, largely side-stepped the main issues involved, and even declined to interfere, on the ground that confiscation had not been established.

Naturally the railroads were altogether dissatisfied with

(*Please turn to page* 610)

Comparison of Railroad's Own Property Valuation and Those Assigned by the Interstate Commerce Commission

Road	Claimed Value Dec. 31, 1927 —Thousands of dollars—	I. C. C. Valuation, incl. Proprietary cos. —Thousands of dollars—	Date of I. C. C. Valuation
Atchison, Top. & Santa Fe	1,215,129	580,613	1916
Atlantic Coast Line	556,672	*156,876	1917
Baltimore & Ohio	886,758	*579,679	1918
Chesapeake & Ohio	650,115	*213,692	1916
Chic., Mil., St. Paul & Pac.	1,376,021	561,764	1918
Chic. & North Western	a622,391	492,916	1917
Chic., R. I. & Pacific	460,025	*335,539	1918
Delaware & Hudson	267,083	95,835	1916
Del., Lackawanna & Western	415,822	*231,044	1918
Erie	514,839	*327,585	1918
Great Northern	1,115,788	391,502	1915
Illinois Central	b828,920	*347,680	1915
Lehigh Valley	271,658	*200,618	1917
Louisville & Nashville	598,880	*321,170	1917
Missouri-Kans. Texas	293,143	*133,448	1918
Missouri Pacific	c1,191,136	250,294	1918
Nashville, Chatt. & St. Louis	128,831	69,262	1916
New York Central	d2,059,140	*1,038,268	1917
New York, N. H. & Hartford	609,269	*382,797	1915
Norfolk & Western	765,767	*237,472	1916
Northern Pacific	600,075	*415,256	1917
Pennsylvania System	e2,480,924	*1,755,593	1915
Reading Co.	501,000	*200,927	1917
St. Louis-San Francisco	468,375	*203,998	1918
St. Louis Southwestern	135,438	55,102	1915
Seaboard Air Line	304,529	*129,617	1918
Southern Railway	f1,463,976	349,067	1916
Southern Pacific	1,404,014	*666,438	1916
Union Pacific	885,394	*538,753	1919
Wabash	472,360	*116,861	1919
Western Pacific	118,194	*67,731	1914

* Tentative valuation, otherwise final. a Includes Chic., St. P., M. & O. b Includes Cent. of Georgia and other subsidiaries. c Incl. New Orl., Tex., Mex. & Int. Gt. Nor. d Incl. "Big Four," P. & L. E., & Mich. Cent. e Incl. Long Isl. & West Jers. & Seashore. f Includes Mob. & Ohio.

The Apogee of Strange Part
and American

By Theodore M. Knappen

On the one hand is Russia, the least developed of the great nations of the world. On the other hand, is the United States the most successful developer among the nations. Russia has the resources, the United States has the capital and the technical genius, talent and skill. Russia is officially yearning and begging for exploitation, the United States is in need of foreign markets. And yet the two nations remain politically aloof; diplomatically neither recognizes the existence of the other, although there is a considerable trade between the two countries—about twice as large as before the World War and the Russian revolution.

But compared with the total trade of the United States, or even with our trade with such countries as Canada and the United Kingdom, our Russian trade is a veritable drop in the bucket. As a nation, we would not even be aware of any loss if we were to lose every cent of our present Russian trade.

It is not the present, but the future that accounts for the great stirring of interest among American industrialists and financiers in the cultivation of commercial relations between the two countries. These groups perceive that one of the greatest melons of potential wealth in history is ready for the cutting; they feel the pressing need for new outlets for American industry, the productive capacity of which is already far in excess of present markets and is yet capable of enormous expansion.

Pressure for Recognition

These facts explain why, that while the government at Washington stands like a rock against any political intercourse with Russia, that while there is less sympathy here with the communist group that tyrannically rules Russia than in any other great nation, certain of our capitalists, bankers, engineers and industrialists are forever exerting direct or subtle pressure at Washington in favor of recognition of the Union of the Socialistic Soviet Republics.

Business is business.

No groups in the world are further apart in economic principles than the conservative American capitalists, contemptuous of every form and device of socialism, and the iconoclastic communistic radicals who rule Russia and plot and propagandize the destruction of capitalism throughout the world.

And yet the capitalist and the socialist are eager to establish a partnership.

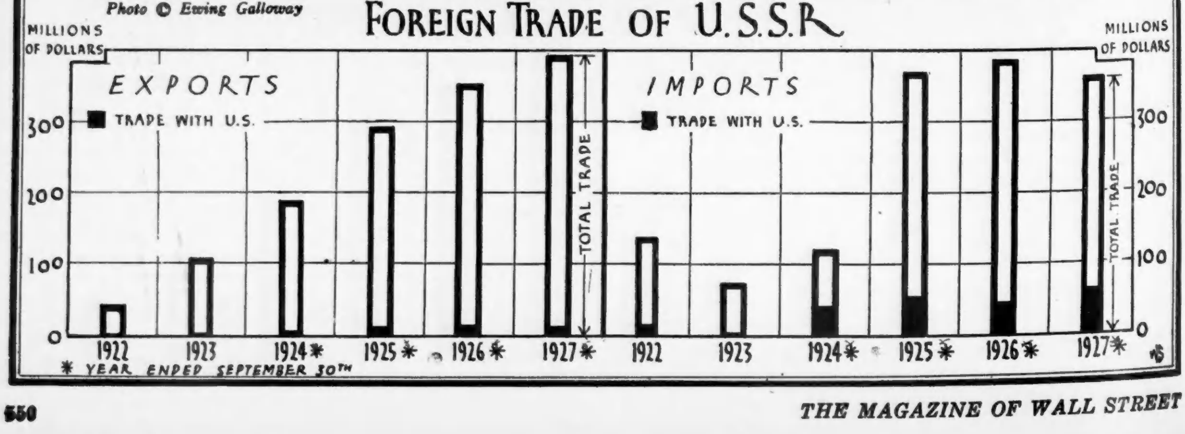
To this potential partnership the profit-hating Soviets pledge private profits on a large scale—even mentioning 300 or 400%—and the capitalists pledge the development of communistic Russia.

They hate and distrust each other, but the one must have profits and the other must have development of its resources or face collapse. The greatest socialistic experiment the world has ever known depends upon private capital for its only chance to succeed within a measurable time. Capital, which has more to fear from the success of that experiment than from any other thing in the world, but cynically confident of its failure, is willing to gamble for immediate profits against the chance that it may contribute to a movement that may ultimately destroy itself.

A Twentieth Century El Dorado

American would-be developers who have been studying Russia consider it to be the modern El Dorado for active

Photo © Ewing Galloway



nerships—Soviet Socialists Capitalists

capital. They find that Russia extends over 9,000,000 square miles, that in those 9,000,000 miles there are less than 150,000,000 people, only 46,000 miles of railway, virtually no modern highways, only the crudest sort of commerce, primitive although extensive agricultural development and a manufacturing development that is a joke according to American standards. No other great nation has such low standards of living, relatively so little actual wealth and such a low measure of annual wealth production. At the same time, this backward country has, next to the United States, perhaps the greatest coal fields in the world, incalculable deposits of iron ore, a greater forest area than any other country, a far greater agricultural and pastoral area than the United States and an abundance of virtually all the raw materials of industry. Practically all these resources are either owned or controlled by the government, and the government is virtually in the grasp of three or four men.

It is the last fact that fascinates adventuring American developers—the fact that a little group of oligarchs can contract for the disposition of the potential wealth of a seventh of the inhabitable world.

Moreover, these same revolutionary oligarchs are as eager for industrial progress as they are for their brand of political progress. Probably no other group in the world is so keen for wholesale economic modernization. They are as fascinated by the achievements of modern power and machinery in America as they are by their Utopian political ideals. They are utterly devoid of industrial conservatism. They have sought to shake off servility to tradition in industrial processes and implements, just as they have dispensed with religion and caste. They dream of a socialistic state as productively efficient as capitalistic America, as rich and as prosperous. And yet they are paupers. They despise private capital, but by the irony of reality, unless they can draw upon private capital from the outside world, their progress will continue for a long time to be mainly, as it is, in the drafting of magnificent schemes and complex paper organizations, and literary essays thereon.

Capital's Enemies Must Have Capital

In complete control of a populous country of great natural riches, theoretically able to commandeer all the labor and brains of an empire, they find that their grandiose nationalization schemes will not work without liquid capital. That is why they have entered upon a policy that no other powerful nation in the world would dare to propose—

(Please turn to page 590)

PROSPECTS *of* SOVIET-AMERICAN TRADE

A Special Statement to The Magazine of Wall Street

By SAUL G. BRON

Chairman of the Board, Amtorg Trading Corp. Representatives of Principal Trading and Industrial Organizations of the U.S.S.R.

OF the total Soviet foreign trade for the past fiscal year ending September 30, 1928, which amounted to $890,435,000, the trade between the Soviet Union and the United States made up $112,095,500 or 12.6 per cent. Soviet-American trade last year was more than double the pre-war turnover of $48,000,000.

The character of Soviet foreign trade has changed considerably from the pre-war years, with the reduction in imports of consumers' goods and the elimination of imports of luxury products. This change in Russian trade has not affected adversely the trade with the United States for the reason that this country has been and continues to be primarily a source of such Russian imports as industrial equipment and raw materials which are used to further the development of Soviet industry. On the contrary, the change in policy has reacted strongly in favor of this trade. The growth of Soviet-American trade, as compared with the pre-war years, may also be ascribed to the fact that with the inauguration of the Soviet foreign trade monopoly, and the consequent planning of export and import operations, many American products which in previous years were procured through European intermediaries are now being purchased direct from American producers. The consequent advantages both to Soviet and American firms of this policy of Soviet trading authorities to eliminate intermediaries are perfectly obvious.

What are the prospects for the devolopment of Soviet foreign trade, and for Soviet-American trade in particular? In the future, even more than in the past, imports of consumers' goods will be insignificant. On the other hand, the large industrialization program, which is now being carried out in the Soviet Union, must result in the expansion of imports of industrial equipment and also of certain raw materials in which Russia was always deficient. The scope of the industrialization process going on in the U.S.S.R. may be realized from the fact that the current year's allotment for building new factories, mills and power

(Please turn to page 618)

Following Aladdin's Lamp in Security Markets

Depicting the Change of Heart in Investors' Attitude Toward Stocks of New Inventions

By Gustavus Myers

A STRIKING feature in the continuing recent volume of transactions in stocks has been public eagerness for securities based upon new or fairly new inventions. The zest for this class of stocks has been evidenced by the magnitude of dealings in such issues as radio, aircraft and sound synchronized movies. To cursory view, the demand for these particular stocks were only incidents in a bouyant market in which prices of many other kinds of stocks bounded to dizzy heights. There seemed nothing distinctive in the action of any special group of stocks except that some outdistanced others in the scale of prices. The reaction came in mid-December but it did not have the secondary and disastrous effects that theorists predicted. Prices for radio and some other stocks had mounted to such a high point that the decline was not serious compared to the advance.

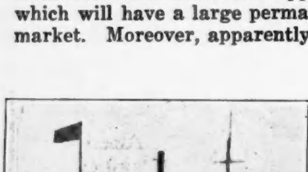
New Factors

Are there new and unrecognized factors to account for the widespread public enthusiasm for participation in the financial development of new inventions? There are. But they cannot be perceived by looking at the stock market at a given time. To understand and estimate them properly it is necessary to review the course of modern inventions and the gradual education of the public mind to a realization of their potentialities. Public belief in the value of inventions is a new and apparently now a fixed condition which will have a large permanent influence upon the stock market. Moreover, apparently a large part of the public is willing, nay anxious, to venture upon the speculative waters of new inventions with their dollars but with little regard for the size of the risk factor involved in many of them.

Capital in Abundance

This is an innovation. It is very different from the skeptical or hostile attitude of former periods. One of the oldest and most commonplace of axioms is that capital is timid. This has been held to apply to the rich man's resources as well as to the poor man's savings. Hitherto, there has always been great reluctance to invest in projects in an experimental or initial stage. Now, however, the general public has rushed forward to vie with financiers in investing in new devices. The public has the firm belief that irrespective of whatever transitions may come there are industries which have a glowing future. This conviction is general and profound. How was it implanted and why is it that it has only now reached what seems a sudden, unaccountable climax?

Events of more than a century, half century or twenty-five years ago may superficially seem to have no connection with what is now happening. But they have a most pertinent, vital relevancy. In that time a series of experiences have gradually recast both the financiers' and the public attitude. These experiences have been so many object lessons, each progressively having increasing benefits in accustoming people to absorbing new ideas and imparting to the many a vision once possessed by only a few much-misunderstood pioneers.



IF any of the corps of engineers living at the time Robert Fulton projected the steamboat could revisit America they would unquestionably be amazed at the general alacrity with which the commercial practicability of new inventions is accepted. In former periods every great invention encountered bitter antagonism and open ridicule. And this applied to the supposed technical experts as well as to financiers and the public. Ordinary mentalities could hardly be blamed for their skepticism when leading engineers themselves provided objections and arguments.

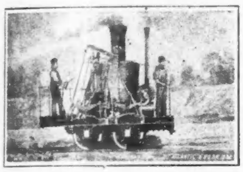
Looking back over the haze of time we are allured into thinking that the invention of the steamboat was joyously welcomed. Whatever romance may say, the fact was altogether the opposite. The first steamers were, of course, defective. But the opposition was not on that ground. It was against the fundamental idea that ships could successfully be propelled by steam.

Benjamin H. Latrobe, considered one of the most distinguished engineers in the American Philosophical Society, submitted a formal report against steam navigation. He declared that the weight of the engine and fuel and the large space they occupied would alone make the commercial operation of steamships impracticable. He solemly asserted that the machinery would have a tendency to rack the vessel and make it leaky, while the irregular motion would be most unsatisfactory to passengers and crew. Steamboats, he concluded, would be too expensive, and he more than implied that they would be a hazardous investment and dangerous to life. Both capitalists and public believed that Latrobe and his fellow engineers knew their business, while Fulton was a mere visionary.

It was not merely scientists, however, who were hostile to the steamboat. Theologians fulminated against it as an impiety which violated God's command that fire and water should be kept separated. Even after Fulton proved his steamboat could run, he met with vindictive and powerful opposition from sailing vessel owners. Frequent attempts were made by sailing captains to sink his steamboat "The Clermont" by running into her.

The steamboat's triumph prepared a few minds for acceptance of new inventions, yet compared to the whole population their number was small. This was shown at the advent of illuminating gas. Introduced at Baltimore in 1820 its adoption came by the slowest degrees. A host of reasons were adduced against its use. Leading citizens soberly predicted that it would cause devastating fires. Clerics proclaimed the new illuminant an attempt to interfere with the divine plan preordaining that night should be kept dark. Physicians issued warnings that gas fumes would poison the air, and that lighted streets, by inducing people to remain out of doors, would be further harmful in leading to an increase of colds and other ailments. Joining in the general cry, moralists averred that lit thoroughfares would give more opportunities for the exercise of drunkenness and depravity. Police officials ruefully said that gas lights on streets would frighten horses and give thieves a new, inviting field for plundering.

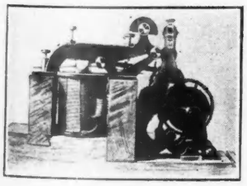
As time passed and the advantages of illuminating gas were proved, a little more of public alarm over new utility inventions was broken down. There remained, however, a vast amount of feeling which, where it was not actually one of antagonism or inertia, was easily inflamed into excited opposition.



THE introduction of the railway aroused both doubts and apprehensions. Elements of every kind viewed this revolutionary method of locomotion with a mixture of dread of the engine and aversion to so radical a change. Stage coach owners had no trouble with their propaganda in persuading numbers of people that a furious railway speed of twenty miles an hour would cause difficulty in breathing and would inevitably hurl trains off the track.

Partly because of prevalent fears, partly because of the expensiveness of the undertaking, and in part because financiers were extremely dubious of the railway's practical success, promoters met with heartbreaking discouragement in soliciting funds. In America they were driven to the expedient of obtaining subsidies from cities, states or from the national government. Nor usually were those subsidies voluntarily given; the customary mode of securing them was by bribery in gifts of bonds or stock.

The railway's progress had some share in dissipating another portion of incrusted opposition to new inventions but by no means as much as might be supposed. As a whole, the public attitude remained one of intense distrust.

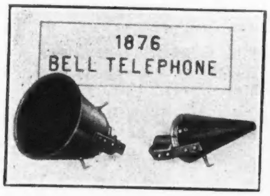


WHEN the news was made public in 1835 that Samuel F. B. Morse had invented a contrivance called the magnetic telegraph it was treated jocularly. In its inception Morse's recording instrument was, of course, a crude instrument. Nevertheless, his system contained a novel principle of communication. Instead of being interested in it, people derided it. He had much trouble in raising even the small sum needed to enable him to make a duplicate instrument at the other end of the wire. Demonstrations of his apparatus at lectures brought curiosity but no encouragement, financial or other. A petition made by Morse to Congress in 1837 for funds to build an experimental line from Washington to Baltimore was ridiculed and pigeonholed. Members of Congress scoffed at the idea of sending messages by electric signalling and declared that weather conditions would wreck wire lines. In England Morse was refused a patent, and in France he could get nothing more than a worthless notice of invention. Not until 1840 was he able to obtain a patent in America, and after many rebuffs did not get a subsidy from Congress until 1843.

The success of Morse's experimental line found increasing parts of the commercial world in a more receptive mood toward investing in new inventions. Discerning financiers and business men had seen in their own day steamboat, illuminating gas and railroad projects make victorious headway against derision. But this recognition was confined to a few, although a greater number than at the period of the previous inventions. Telegraph companies were organized throughout many parts of the United States, but there was no public enthusiasm for the stock; subscribers were almost wholly the more quick-witted financial and business men willing to link partnership with the future by investment in the new field.

When, however, Cyrus W. Field in 1854 projected his plan of a transoceanic cable and organized a company to undertake it, all sections of the community hooted at it as obviously impracticable. Unlike the other utility inventions this contrivance was not one for dry land, but was to be on the ocean bed, and who knew what were the conditions there? People were appalled at the scientific questions involved and terrified by the apparently insuperable obstacles. Field had the greatest difficulty in even getting a hearing from capitalists, and underwent still more trials in the endeavor to raise funds. His next door neighbor, Peter Cooper, decided to join him in the venture and Cooper's faith more than the enterprise itself induced a few others to enroll. The company issued three hundred and fifty shares of $1,000 each, and one-fourth were alloted for sale in America. Nearly a year elapsed before Field succeeded in selling a meager twenty-seven shares in American cities. Repeatedly the cable broke; and it was not until 1866, when a heavier and better insulated cable was laid, that at last the line was in successful operation.

Judging by the ardent public mind of our own time it may seem plausible that there was then fervid speculation in the stocks of telegraph and cable companies. Not only the public but investors and speculators were apathetic. I have before me a "New York Stock Exchange Manual" published in 1865. It tells of the trading in bank, canal, railroad, mining and petroleum stocks, but there is not a single mention of telegraph or cable stocks.



THE introduction of the telephone was a weighty factor in eventually breaking down resistance to investments in new inventions. Many years, however, passed before the effect was felt. Where now newspapers and other publicity is open-minded and often favorably disposed toward reports of inventions, however extraordinary they may appear, it was formerly the reverse. In both news and editorial columns doubts were expressed and warnings given.

In 1867 a certain Joshua Coppersmith announced in New York City that he was working on a new device which he called the telephone and sought to sell stock to enable him to get finances to carry on his experiments. He was arrested. A New York City newspaper reported that the charge against him was "for attempting to extort funds from ignorant and superstitious people by exhibiting a device which he says will convey the human voice over metallic wires." The news account continued: "He calls the instrument a 'telephone,' which is obviously intended to imitate the word 'telegraph,' and win the confidence of those who know of the success of the latter instrument. Well-informed people know that it is impossible to transmit the human voice over wires as may be done with dots and dashes and signals of the Morse code. The authorities who apprehended the criminal are to be congratulated and it is hoped that his punishment will be prompt."

Coppersmith, it is true, merely had an embryo idea and

not a practicable invention. But the rant in the newspapers was against the fundamental idea. It was typical of considerable similar published matter after Bell actually invented the telephone in 1876. The original telephone company was hard pushed for money. Its shares were peddled around often for less than a dollar a share, and purchasers felt they were taking "a wild chance." A New York City newspaperman was offered an executive position in the company, his salary to be payable in blocks of shares. He scornfully refused. Even after the company began manufacturing and installing telephones, it met with declinations to have them placed in business houses and banks. One Boston bank notified the company that it had no use for such a "play toy." There was also opposition from the Western Union Telegraph Company which for a considerable time exerted strong political pressure in some cities to prevent permits being given to the telephone company. A report was current that Jay Gould, saying it had no commercial value, once ordered the experimental telephone out of the Western Union offices.

As the decades wore on and the telephone became general and immensely profitable, stories went the rounds of the press and were common gossip pointing to this or that multi-millionaire as having derived his fortune solely from the fact that he or his father or someone from whom he inherited had been wise or daring enough to buy quantities of telephone company stock when it was offered for next to nothing. Periodically such retrospective accounts were published. They had a very large measure of truth and an enormous effect in shaping the popular understanding to at least an appreciation of the rich possibilities of inventions.

THESE facts of common knowledge all had a cumulative influence. And now, in the automobile, came an even more convincing lesson. The period from 1894 to 1902 was the experimental stage for automobile development. Orthodox technicians had slight faith in a vehicle driven by gasoline. In the groping infancy of automobile manufacture, bankers cautiously refrained from advancing money; some local banks here and there did so but this was on the personal credit of the borrower and not because of any aim to encourage the automobile industry. A large proportion of the original, courageous individual investors lost their money.

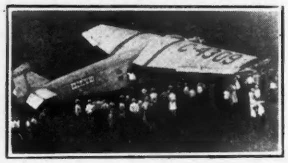
Immediately after 1902 banks began giving grudging acknowledgment to the business as a real industry. Automobile bonds and stocks then were sold direct to the investors and did not figure in the stock exchanges in New York, Philadelphia and Boston. Neither bankers nor investors in general believed that automobiles would ever have a popular appeal.

The automobiles colossal success, within a brief time, once the experimental period was over, wrought a big change in the public mind.

Here a generation saw an industrial miracle enacted. It looked on while stupendous earnings and extensive fortunes were reaped from a thing which only a short time previously had been slurred as a doubtful, even ruinous venture. It saw the two Dodge brothers elevate themselves within twenty years from mechanics at $25 a week, to owners of an automobile plant which their estates sold to a group of New York City bankers for a sum said to exceed $140,000,000. Like a picture from a fairy tale it beheld Henry Ford meteorically emerge from the obscure position of a mechanic to the commanding power of owner of automobile plants which reached the record production and sale in a single year of more than 2,000,000 cars and trucks, heaping vast wealth in the hands of the few fortunate proprietary stockholders. It saw a concern such as the Chevrolet Motor Company, starting with a production of only five cars the first year, rapidly attain a peak where it made 1,000,000 a year and employed more than 100,000 persons in producing, selling and servicing its output. It witnessed the General Motors Corporation, a ten-billion dollar corporation, arise, and, within a few years, make such prodigious profits as to pour repeated lavish stock dividends and generous cash disbursments into the pockets of its stockholders.

These and many other developments of the automobile industry both dazzled and inspired the public vision.

During the same time came other demonstrations rooting the conviction that scientific skill was capable of any marvel. Many who had been entertained by the picture of the undersea boat Jules Verne drew in his "Twenty-Thousand Leagues Under the Sea," lived to see the submarine transferred from the realm of incredulity into that of grim actuality. With Marconi's discovery of wireless communication came another great vivid proof of the power of science to transmute what had been thought a fancy into a tangible fact and practical use.



THEN when Wilbur and Orville Wright first made their flights in air more than a quarter century ago, people realized that no dream was impossible; man had always dreamed of flying in the air but the dream had been supposed a mere indulgence of imagination or futile aspiration.

From the successful operation of the airplane may be dated the effacing of the last vestiges of surviving popular incredulity regarding discovery and operation of startling new inventions. It was not alone the inventions themselves that impressed the public mind and prepared it for comprehension of the financial harvest. From thousands of varied sources came a flood of publicity. Unlike the treatment given to inventions in former periods it did not condemn the crude nature of the first models. The publicity had a new, invigorating tone. It reminded people that in the case of many prior inventions, the original devices were elementary but were successively improved, and that in more modern times the process of perfecting advanced much more quickly.

Naturally the spreading social and commercial uses for which the airplane could be used could not clearly be foreseen. The important point, however, was that the public outlook was no longer backward or skeptical but sensitively expectant; it was ready to acquiesce in any reasonable forecast and give credence to any probability. Its position was that of alert waiting for further developments. When Colonel Charles A. Lindbergh made his spectacular flight across the Atlantic, public interest was aroused to a superlatively exhilarated degree. Airplane manufacturers and public now saw no bounds to the positive future commercial expansion of airplane uses.

The larger airplane manufacturing establishments which previously had built machines for army and navy only began turning to ambitious programs of construction for commercial uses. Before this time the sole source of profit had been in manufacturing for military construction. But the most experienced men in the industry concluded that the era of widespread commercial aviation was at hand. And the public has been speedy to believe the same. This responsiveness is a phenomenon, so dissimilar it is from the laggard attitude persisted in for long periods in other eras.

Another notable aspect is the public refusal to be discouraged by any preliminary drawbacks. Colonel Lindbergh has frankly pointed out that "it seems impossible to adopt a program of large-scale production for a product before the rapid advance in construction and design renders it obsolete in comparison with the new design." In another age such a pronouncement would have had a chilling effect upon investors, but it does not affright them now.

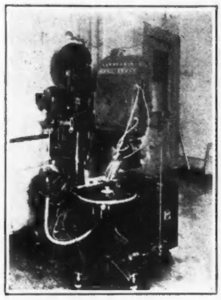
They expect the condition of change after change—perhaps some altogether unlooked-for transformations. They know the story of the career of other inventions, and that each of these went through the ordeal of transitions and surmounted them triumphantly. The airplane industry is moving much faster in finding and consolidating itself than did the automobile industry. Only recently came the announcement of a $150,000,000 merger of corporations in the airplane field, and the time seems near when airplane manufacturing will be combined with regular operation.

THE accumulated results of repeated experiences were attested with the introduction of radio receiving sets. Between the time when the first apparatus was marketed and the time when people thronged to buy both the equipment and stock issues was a brief span. Radio broadcasting emerged from its technical difficulties with astonishing rapidity. Before 1920, the receiving instrument in popular use was based upon a crystal detector and required intricate tuning by means of long coils which slid into one another. The end of that year saw the marketing of a satisfactory device transmitting sound without roar or other disturbance, except static.

Popular enthusiasm for radio stocks was shown by the eagerness with which the public bought a miscellany of them, ranging from those of sound corporations to evanescent "wildcat" companies. Patent contests on the part of some of the big radio broadcasting corporations did not in the least dampen public ardor. As a matter of fact, many individuals having no knowledge of the radio industry except a stout faith in its auspicious future invested their funds before collateral corporations such as the American Telephone and Telegraph Company began buying huge blocks of shares in the Radio Corporation of America. The patent difficulties were soon cleared, and the Radio Corporation of America stood forth as the leading and major company. The sales of radio apparatus rose from $2,000,000 in 1920 to $300,000,000 in 1924 and to more than $500,000,000 in 1928.

The unparalleled stage was now reached where the public proceeded to act independently on its own judgment, giving little or no attention to the precautioary statements of some financial writers. Impressed by the fluctuations in the prices of radio stocks and slow in gauging the celerity with which the radio industry was moving, one of these writers warned investors: "If one is able to select the shares of companies that are going to survive and grow with the industry he can multiply his money several times over in the next ten or twenty years. The radio industry may grow as rapidly as the automobile industry." Another financial writer oracularly declared: "All radio stocks are speculative, and even the best lacks the necessary 'seasoning'; the lower grade stocks are little more than gambles."

But the public saw or sensed the fact that it would not have to wait a long period before the value of its stock greatly increased on immediate prospects if on nothing else. Authentic brokers' reports in 1924 showed that a flood of orders had been received from all parts of the United States to buy Radio Corporation of America stock, and that from mid-summer of 1923 to the middle of 1925 the public had absorbed about 5,000,000 shares of various radio stocks. The reports stated that while a portion of this buying was speculative, much was for cash, going into hands which intended to hold it. In their most fantastic flights of exuberance investors did not dream that the time was only a few years distant when Radio Corporation of America stock would make a sensational jump to $420 a share, and even though it has somewhat declined it is still far above the 85¼ a share it stood in the spring of 1928.



THE public rush for Warner Brothers stock nearly as soon as synchronized sound movies were demonstrated has been another proof of the popular quickness to flock in the path of new inventions. In the moving picture industry itself and to some important extent among observers outside of it, the destiny of sound films is a decided uncertainty. The novelty of these films and the public interest and curiosity aroused have thus far brought to exhibitors high profits, reaching in some cases 33%. But whether this interest will be sustained, or whether the critical public will weary of "canned speech" and revert to the silent movies or turn to the stage is a mooted question. Nevertheless, these determinations have no bearing upon the present consideration which is the popular scramble for stocks of new inventions almost coincident with their promotion.

Photomaton stock was another instance of a public demand verging upon the instantaneous. The photomaton, it is hardly necessary to explain, is a machine which automatically delivers for a quarter in the slot a strip of eight pictures completely developed in eight minutes. The stock was sold wholly over the counter. For one reason or another it has not attained quotations worthy of notice.

Until these present times no company floating stock issues of a new device would be so refreshingly direct as to tell the public openly and fairly that its stock was "offered as a speculation on the basis of future prospects." This is precisely what one television corporation has done in advertising its common stock for sale. In former times companies realized keenly enough that the public was skeptical enough of inventions themselves without further scaring it away by presenting stock as a speculation.

Admittedly, despite the latest engineering and mechanical developments, television is still in an experimental stage. Many further improvements, engineering solutions and refinements are necessary before transmission of light images by radio can be hailed a full success. Moreover, a service equal to sound broadcasting must be created to enable visual broadcasting on a scale encouraging use of television receivers in the home. But television enthusiasts point out that sound broadcasting, a mere experiment in 1920, expanded to the point where in 1928, fully 50,000,000 listeners received the election returns, and during the same period the radio industry increased from an annual business of $2,000,000 to one of $600,000,000. Improvements in television are proceeding fast. Not quite three weeks after the publication of the advertisement of the newly formed corporation referred to came the announcement from the laboratories of an old established industrial concern that an effective sound-movie device had been created which would be developed largely for adaptation to home moving picture production.

So receptive is the public mind to the rosy future of new inventions that in various directions it is evidencing its deliberate willingness to speculate, and certainly no other word can be applied to the undeniable risk assumed in connection with any new venture, upon what it regards as an opening to secure eventual large profits.

The Next Issue Will Contain Part I of Our Annual Dividend Forecast

Are present copper prices a flash in the pan to be lowered by excess production?

Will the increased rate of consumption be sustained?

These and other questions vital to investors in copper shares are discussed in:

What 17 Cent Copper Will Mean to the Industry

By Newton R. Calley

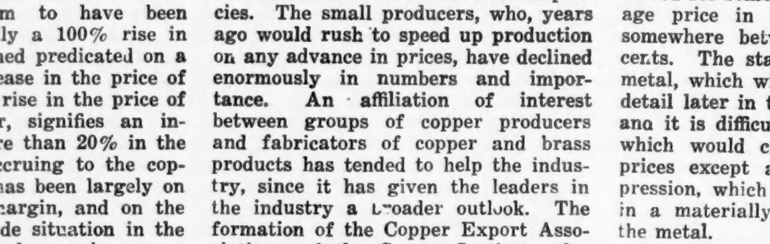
An advance in the price of refined copper during 1928 from 14 cents to 16½ cents a pound was the basis for the doubling in price of many copper producing company shares. On first blush this advance in share values might seem to have been overdone: Practically a 100% rise in security prices seemed predicated on a less than 20% increase in the price of copper metal. The rise in the price of the metal, however, signifies an increase of much more than 20% in the margin of profit accruing to the copper producers. It has been largely on this larger profit margin, and on the vastly improved trade situation in the industry, that the advance in copper shares has been based.

Fundamentally the factor of greatest importance in the copper industry, and the one which more than anything else has been responsible for the improvement in the industry, has been the persistently increasing consumption of the metal. An accompanying graph indicates the marked upward trend in consumption in recent years as reflected in shipments. Without this increasing demand for the metal, the efforts of the copper producers to bring about stability in the industry might easily have gone for naught.

Other influences, too, have been at work in the industry. A notable concentration of control has taken place in recent years, so that now a substantial proportion of the output is in the hands of a few strong producers who stand for constructive trade policies. The small producers, who, years ago would rush to speed up production on any advance in prices, have declined enormously in numbers and importance. An affiliation of interest between groups of copper producers and fabricators of copper and brass products has tended to help the industry, since it has given the leaders in the industry a broader outlook. The formation of the Copper Export Association and the Copper Institute also has assisted in increasing the stability of trade conditions.

All of these factors lend strength to the belief that the rise in copper prices last year to the highest levels since the post-war inflation period was not merely a flash in the pan. It seems likely that approximately the current price of 16¾ cents for copper will be maintained for some time and that the average price in 1929 probably will be somewhere between 16 cents and 17 cents. The statistical position of the metal, which will be discussed more in detail later in this article, is excellent, and it is difficult to discover anything which would cause a sharp drop in prices except a general business depression, which naturally would result in a materially curtailed demand for the metal.

The old time copper operator is something of a skeptic. He has seen copper metal prices rushed up rapidly, as occurred in 1928, a great many times, only to fall back just as rapidly some months later. It is difficult for him to understand how radically changed the industry now is, from what it was before the war. He pictures many small operators starting up their mines when copper crosses 16 cents and throwing vast supplies into the world market.



The attention of the old time copper operator should, however be called to the fact that one corporation alone, Kennecott Copper, controls through fully and partly

owned subsidiaries approximately one-sixth of the world copper production. Kennecott has been built up gradually. This company now directs the policies of Braden, operating a tremendous property in the Andes Mountains in Chile; Utah, Nevada Consolidated, Ray Consolidated, Chino, Ray Hercules, Mother Lode, and has important copper interests in Alaska. Another great consolidation is represented in Anaconda. Its subsidiary and affiliated companies include Chile, Andes, Greene Cananea, Inspiration, the American Brass Company, and the von Giesche properties in Germany and Poland. A very different situation from the time when most of these companies were operated largely as independents. What is still more important these companies and other leaders in the industry have learned the lessons of cooperation and community of interests.

A Salutary Deterrent

The very nature of copper mining itself has undergone great change. Years ago the high-cost independent producer was actually independent. When copper metal prices dropped to unremunerative levels, he simply closed his mine. Then when he saw prices rising again he reopened his mines and began to flood the market with his ore. The rich copper ore bodies could then be worked profitably, with the roughest sort of equipment, if copper reached 15 cents a pound.

But copper mining is a different proposition today. Ores averaging 5% to 20% copper are scarcely to be found. Copper today comes from ore averaging as low as 1 to 1½% copper, and it can be produced profitably from such low grade ore only because heavy investment has been made in mining equipment. Thus the independent who wants to rush his mine into production when copper prices advance finds that he must sink large sums of money in expensive equipment.

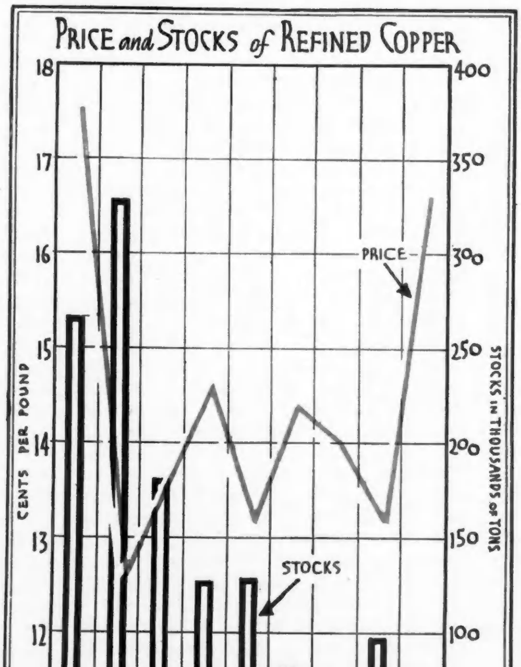
Entry into the copper mining industry today involves its own remedy for obstreperous tendencies. The "wild" producer is attracted into the field by the high prices prevailing for the metal. He proceeds to invest heavily in mining equipment in order to get his mine operating efficiently. By this time, however, he has so much in the way of capital investment at stake that, relatively, he is as much interested in maintaining stability in the copper metal market as are the big producers. Thus he becomes no longer a "wild" producer at all but one upon whom the industry can count to act constructively in the matter of curtailing production should it become necessary.

This does not mean that there no longer are any producers who are ready in an advancing copper market to step up production and try to squeeze the last ounce of profit from the better prices. There probably will always be mines which operate at a maximum as long as prices are at comparatively high levels and slump off when prices work lower. But the problem of the small producer is nothing to what it once was. In the first place their number and aggregate production has been vastly cut down; and, secondly, the necessity for heavy investment in mining equipment before production can be placed on a profitable basis acts as an effective deterrent to "wild" producers.

Strong Statistical Position

Emphasis already has been laid on the importance of increasing consumption of copper metal. An accompanying graph shows the production and shipments of refined copper by North and South American producers and refineries, according to American Bureau of Metal Statistics, for the past five years. Average stocks of refined copper are also given.

An increase in shipments of refined copper occurred in every one of the past six years, as compared with the preceding year, with the largest increase indicated for 1928 over 1927, on the basis of the figures for the first eleven months of 1928. Production also has increased in each year, but it has not kept pace with shipments, dropping approximately 63,000 short tons behind in 1925 and more than 43,000 short tons behind in the first eleven months of 1928.



The statistical position of the metal is perhaps even more forcefully emphasized by the seriously depleted stocks. From the excessive average stocks on hand in 1921 of 330,900 short tons, they have dropped, almost continuously, to the total at the end of November, 1928, of only 52,153. These are sufficient barely to cover the needs of the industry itself, to say nothing of caring for any sudden demand. The copper industry in 1929 will be called upon to fill almost certain increased demand as well as to build up stocks to a more normal level.

New Sources of Supply

There are some big question marks before the copper industry, and two of them are the potential production in Canada and Africa. How large the output of these two comparatively new sources of supply may eventually be, and how soon they will begin to figure prominently in the world situation, are questions which only the future will answer.

Canada in 1929 undoubtedly is going to be a bigger factor in the copper metal market than heretofore. Consolidated Mining and Smelting is likely to produce much larger quantities of the red metal. The Frood mine, in which International Nickel has expended vast sums for development work, will materially increase its output of copper. The vast potential production from the Hudson Bay region, the Flin Flon development, will also begin to make itself felt for the first time. From present indications, however, the growth in consumptive demand will be able easily to absorb the increased Canadian output this year, but the ultimate effect of Canada's tremendous potential output cannot be even guessed.

African production is slower in materializing than many British investors had hoped. The Rhodesian copper developments, including Bwana M'Kubwa, N'Changa and Rhodesian Congo Border, have required larger capital investment than had at first been expected. Roan Antelope is only beginning a tremendous development. The potential supply in Africa is undoubtedly great, but just how great nobody now can say. Vast opening-up operations are being pushed ahead aggressively, and it is one of the factors, like Canadian production, which must be taken into consideration by the holder or prospective

(Please turn to page 598)

Denver & Rio Grande Gen. 5s, 1955

A Promising Rail Bond

Ample Margin of Earnings and Probable Liquidation of Accumulated Interest Lend Considerable Attraction

By FRANCIS C. FULLERTON

Amounts Available for Funded Debt Interest

	Millions	Interest, Times Earned
1924	$2.39	.40
1925	6.78	1.87
1926	7.70	2.10
1927	6.47	1.75
1928	6.81 est.	1.84 est.

IN connection with the reorganization of the Denver & Rio Grande R. R. Co., completed in 1924, the successor corporation, Denver & Rio Grande Western R. R. Co., issued $29,808,000 5% bonds, secured under a general mortgage, in exchange for certain obligations of the old company. The reorganization did not entail more than a slight reduction in the aggregate funded indebtedness, including this issue, but the general purpose of curtailing fixed charges during the formative period of the revivified organization was accomplished through a provision making interest payments optional for five years, even though they might be covered by earnings, in order that ample funds would be available to carry out the proposed program of extensive rehabilitation. The fact that this program is now nearing completion and that interest payments at their face value become a fixed charge in the near future combine to place the bonds in an interesting position at this time.

Importance of Cumulative Interest

A current price of 94, to yield approximately 5.4% to maturity on the assumption of regular interest, would not be unduly attractive were it not for the factor of interest accumulations for the five years between February 1, 1924, and February 1, 1929. In the event that these are liquidated, the cost of the bonds on the basis of the present market is, in effect, marked down to 69, and the yield to maturity at that level is around 7.8%. Up to date the company has availed itself in full of its right to withhold interest payments, so that arrears on February 1 next will have amounted to 25%. This conservative policy was dictated purely from a desire to employ every means possible to build up the property and not due to any deficiency of requisite income. In each year since 1924 earnings have not only covered the 5% rate about twice over, but have left a balance in excess of the amount required to meet the 6% dividend on the preferred stock. Unpaid interest during the past five years is cumulative, not as a mandatory obligation as such, but in respect to preferred dividends, that is, no disbursement on the preferred can be made until arrears in interest are liquidated in toto.

In view of the satisfactory earning power displayed since reorganization and the even better showing anticipated from now on, there appears no valid reason for withholding preferred dividends any longer than necessary, hence the probability that steps will be taken to reduce and finally to eliminate the accumulations of bond interest as rapidly as possible, consistent with conservative financial procedure. There is also another factor of vital importance in this connection. The entire common stock of Denver & Rio Grande Western is owned jointly by Missouri Pacific and Western Pacific, and not until all dividend requirements on the preferred stock are taken care of can these roads receive any return on their investment. This works out in two ways. Not only are the two controlling roads desirous of removing as quickly as feasible all obstacles to the payment of common dividends, but it is likewise very much to their interests to build up profits by throwing as much traffic as possible to Denver & Rio Grande Western, which they are in a position to do as in both cases the lines connect.

Strategic Location

Potentially these connections are of the greatest importance from a broader viewpoint. By virtue of constituting a connecting link between Missouri Pacific on the east at Pueblo, Colorado and Western Pacific on the west at Salt Lake City, Utah, it makes possible a through transcontinental line from St. Louis to San Francisco on the Pacific Coast. Moreover, negotiations are under way for the construction of the Dotsero cut-off, which would enable Denver & Rio Grande Western to use the facilities of the Denver & Salt Lake including the recently completed Moffat Tunnel, thereby substantially shortening the distance between Denver and Salt Lake City, and, in conjunction with the other lines, providing one of the most direct transcontinental routes between the Middle West and the Pacific Coast. There is also the possibility that the lines of the Chicago, Burlington & Quincy will be utilized in this connection, in which event the new route would have the benefit of Chicago as its eastern terminal point. Whatever may be the outcome of developments along these lines, the road is so situated as to almost inevitably figure to its advantage in some such grouping, and the consequent enhancement of earning power would facilitate to that extent the liquidation of accumulated interest on the junior bonds now under consideration.

Optimism regarding the earnings outlook, however, is not dependent upon these longer range factors. A good proportion of expenditures in connection with the rehabilitation program in recent years has been charged directly against operations, and, with the neces-

sity for such extraordinary charges largely a thing of the past, the balance of earnings will be by that much increased. Maintenance charges have been well above the average of all Class 1 roads in relation to gross revenues, and this was especially so in 1927. The increase in maintenance of way in that year over the previous year was equivalent alone to about 3.5% interest on the General 5s and to $5 a share on the preferred stock. The expenditures in themselves are becoming more and more productive of operating economies. They have been employed in a manner to effect a general property improvement, involving the laying of heavier rail, retirement of obsolete equipment, purchase of new equipment, construction of additional shops, and elimination of grades and curvature. The result is a substantial improvement in the speed of train movement, increase in freight car capacity and locomotive tractive power, and a decided gain in traffic density. In the meantime a greater diversification of traffic has been developed. Coal remains the principal item of tonnage but to a much lesser extent. It has been replaced in part by a larger proportion of higher grade freight represented by Manufactures and Miscellaneous.

Security of Bond Issue

The General 5% bonds of 1955, representing the most junior capital obligation prior to the preferred stock, are secured on all the property of the company acquired in the reorganization, but are subjected to underlying issues of the predecessor road and to the refunding and improvement mortgage of the present road. Aggregate prior liens are about 87 millions. The bonds are redeemable as a whole or in part at a price of 105 and interest including all unpaid accumulated interest. Redemption under existing circumstances, of course, is not an immediate factor, but should it occur at some later date, its terms are equivalent to a price approximately 36 points in advance of the present market. The indenture likewise carries provision for a sinking fund amounting to 1% annually of the maximum bonds at any time issued and outstanding, to be employed in the purchase or redemption of bonds at a figure not exceeding the call price. Bonds so acquired are to be held alive in the treasury and interest thereon added to the sinking fund.

Considering the equities that have been built up since reorganization through heavy property expenditures, the vastly improved physical aspect of the road, its strategical position as a transcontinental link, the present ample margin of earnings, the favorable earnings outlook, and the fact that interest payments become mandatory after this month, the General 5s appear to possess much merit as an opportunity for income, and likewise for profit, based on probable action in due course in respect to liquidation of five years' accumulated interest.

BOND BUYERS' GUIDE

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 ....(a)	....	...	102½GT	102	5.3	5.3
Dominican 5½s, 1942 ....(a)	....	...	101G	98	5.6	5.7
Haiti 6s, 1952 ....(b)	....	...	100	100	6.0	6.0
Argentine 6s, 1959 ....(a)	....	...	100	100	6.0	6.0
Chile 6s, 1960 ....(a)	....	...	100	93	6.5	6.6

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955 ..	267.4	4.75	110	91	4.4	4.6
Illinois Central 4¾s, 1966 ....(a)	....	2.25	102½GT	100	4.7	4.7
Rock Island-Frisco Terminal 1st 4½s, 1957 ....(d)	....	X	102½T	96	4.7	4.7
Pennsylvania 5s, 1964	....	2.78	105T	104	4.8	4.8
Central Pacific Guar. 5s, 1960 ....(a)	....	2.58	105GT	102	4.9	4.8
Southern Railway Dev. & Gen. 6s, 1956.	133.8	1.90	....	115	5.2	5.0
Great Northern Gen. A 7s, 1936 ....(b)	139.8	2.64	....	112	6.2	5.0
Missouri Pacific 1st & Ref. 5s, 1977.(a)	125.2	1.32	105A	98	5.1	5.1
Chesapeake Corp. 5s, 1947	....	2.45	100	99	5.1	5.1
N. Y., Chic. & St. Louis Ref. 5½s, 1974 ....(a)	59.6	2.49	107½	106	5.2	5.1
Western Pacific 1st 5s, 1946 ....(b)	....	2.29	100	99	5.0	5.1
Central of Georgia Ref. 5½s, 1959	31.1	1.80	105AG	105	5.2	5.2
Chic. & W. Indiana 1st Ref. 5½s, 1962.	49.9	X	105	104	5.3	5.2
Cuba R. R. 1st 5s, 1952	....	3.07	....	95	5.3	5.4
Northern Pacific Ref. & Impr. 6s, 2047 ....(a)	166.7	2.32	110G	113	5.3	5.3
Wabash Ref. & Gen. 5½s, 1975 ....(a)	62.4	2.02	105AG	103	5.3	5.3
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 ....(b)	13.9	X	107½T	107	5.6	5.5
Minn., St. Paul & S. S. M. 1st 4s, 1938.	....	1.17	....	89	4.5	5.5
Baltimore & Ohio Ref. & Gen. 6s, 1995 ....(a)	284.2	1.56	107½AG	110	5.5	5.5
Vicksburg, Shreveport & Pac. Ref. 6s, 1973 ....(a)	2.0	X	107½AT	105	5.7	5.6

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Pacific Gas & Elec. Gen. Ref. 5s, 1942 ..	34.6	1.95	105T	102	4.9	4.8
Montana Power Deb. 5s, 1962 ....(a)	34.7	2.62	105T	101	4.9	5.0
Consol. Gas of N. Y. Deb. 5½s, 1945.(a)	....	4.09	106T	106	5.2	5.0
Utah Power & Light 1st 5s, 1944	....	1.86	105	100	5.0	5.1
Columbia Gas & Elec. Deb. 5s, 1952	....	6.96	105T	97	5.2	5.2
Detroit Edison 1st & Ref. 6s, 1940 ..(b)	14.0	2.41	107½T	108	5.6	5.1
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.69	....	99	5.0	5.1
Hudson & Manhattan 1st Ref. 5s, 1957 ....(b)	5.9	2.11	105	96	5.2	5.3
Consol. Gas E. L. & P. of Balt. 1st Ref. 6s, 1949 ....(a) (c)	32.2	2.69	107½T	106	5.7	5.5
Amer. Water Works & Elec. Deb. 6s, 1975 ....(a)	12.7	1.33	110	104	5.8	5.7
Phil. Rap. Trans. 6s, 1962 ....(c)	10.0	1.21	105	101	5.9	5.9
Seattle Electric—Seattle Everett 1st 5s, 1939 ....(d)	....	1.76	105	92	5.4	6.0
Twin City Rap. Transit 1st & Ref. 5½s, 1952 ....(b) (d)	4.4	2.30	105T	92	6.0	6.1

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Gulf Oil Deb. 5s, 1947 ....(c)	....	15.39	104AT	101	4.9	4.9
Youngstown Sheet & Tube 1st 5s, 1978 ....(a)	....	4.12	105T	101	4.9	4.9
Allis Chalmers Deb. 5s, 1937 ....(a)	....	4.80	103T	101	4.9	4.9
International Match Deb. 5s, 1947 ...(a)	....	6.16	103T	98	5.1	5.2
Chile Copper Deb. 5s, 1947 ....(a)	....	6.26	102T	95	5.3	5.5
Amer. Cyanamid Deb. 5s, 1942	....	4.10	100	95	5.3	5.5
Sinclair Pipe Line 5s, 1942 ....(a)	....	4.27	103	94	5.3	5.6
Bethlehem Steel Cons. 6s, 1948	101.3	2.33	105	104	5.8	5.7
B. F. Goodrich 1st 6½s, 1947 ....(a)	....	5.13	107A	108	6.0	5.8
U. S. Rubber 1st & Ref. 5s, 1947 ...(b)	2.6	2.60	105A	90	5.6	5.9
Loew's Inc., 6s, 1941 (ex-war.) ....(a)	....	6.70	105T	100	6.0	6.0

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Brooklyn Edison 6s, Jan. 1, 1930 ....(a)	12.0	5.00	105	101	5.9	5.0
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 ....(a)	17.3	2.49	102	102	5.9	5.4
Amer. Cotton Oil 5s, May 1, 1931	....	X	105	98	5.1	5.5
Central of Georgia Sec. 6s, June 1, 1929	31.0	1.80	101AT	100	6.0	6.0
Sloss-Sheffield P. M. 6s, Aug. 1, 1929 ...	1.6	6.79	105	99⅞	6.0	6.1

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100. Earnings are on five-year average basis unless available only for shorter period.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

Federal Light & Traction

DIVERSITY *the* KEYNOTE *of* THIS IMPORTANT HOLDING COMPANY

Steady Growth—Efficient Management—Promising Outlook

By CYRUS T. MARVIN

THE advantages of geographical diversification of properties, one of the chief means by which public utility holding companies achieve smoothness of earnings by reducing the effect of temporary depression in any one particular locality where the company operates, is shown by the consistent progress in both operations and earnings of the Federal Light & Traction Company. This system, which is one of the older ones in this country, though still relatively a small one, comprises individual properties which are rather widely scattered and isolated with relatively small degree of interconnection. Providing various kinds of utility services to small or moderate sized towns in territories not densely populated or highly industrialized, large scale interconnection or tie-ups would not be feasible anyway, but the holding company form of operation of this type of properties, nevertheless, does offer tangible advantages in providing a more efficient management and lower capital costs by virtue of the fact the credit of the holding company is usually better than that of the small individual operating properties.

Federal Light & Traction Company has been mentioned on several occasions in the past in connection with merger with one or another of the larger utility holding companies where its rather scattered properties would fit in advantageously with larger territorial groups than is the case at present, but apparently nothing has been definitely accomplished in this direction as yet.

Federal Light & Traction Company was organized in 1910 under the laws of New York State. Control of the subsidiary or operating companies is exercised through ownership of all or nearly all of their outstanding common stocks, and in most cases the bonds, and other fixed charge indebtedness of the subsidiary companies as well as the preferred stocks are also owned by the parent company.

Scattered Territories Served

The properties comprising the Federal group furnish electric light and power, gas, water, or traction service practically without competition in 19 communities with total population of approximately 335,600 in the states of New Mexico, Arizona, Washington, Colorado, Missouri, Arkansas and Wyoming. In this widely scattered territory, two groups of communities may be distinguished. The first group is in the Rio Grande valley in New Mexico and includes Albuquerque, Santa Fe, Bernalillo, Los Lunas and Belen. In this state also are served Las Vegas, Deming and Dawson, at wholesale. A second group of properties furnishes electric power, light and transportation service to a number of communities in the state of Washington including Aberdeen, Hoquiam, Cosmopolis, South Bend and Raymond. Other communities served are Hot Springs, Arkansas; Springfield, Missouri; Tucson, Arizona; Walsenburg and Trinidad, Colorado; and Sheridan and Rawlins, Wyoming.

In April, 1923, Federal Light & Traction Company acquired control of the New Brunswick Power Company operating the electric light and power business, the gas business, and the system of street railways in St. John, New Brunswick and vicinity. Apart from this, acquisitions have been only of relatively small properties in recent years. In 1922, the Willapa Electric Company operating the electric light, power and railway business in the cities of Raymond and South Bend, Washington, was taken over. In 1926 the properties serving Santa Fe and Belen, New Mexico were acquired. Acquisition was made in 1928 of the Agua Pura Company which supplies water and ice to the town of Las Vegas, New Mexico; also the Springer Light and Power Company of Springer, New Mexico, and the Aguilar Light & Power Company of Aguilar, Colo., were acquired. The plant in this latter place is to be discontinued and power will be supplied from the plant at Trinidad.

While none of the towns served is conspicuous in size, they have enjoyed a

Growth of Federal Light & Traction System

	ELECTRICITY		GAS		TRANSPORTATION	WATER	
	Number of Customers	K.W.H. Sold (thousands)	Number of Customers	Cubic Feet Sold (millions)	Number of Passengers Railway and Bus	Number of Customers	Cubic Feet Sold (thousands)
1923 ...	47,117	87,658	13,932	1,173	11,329,317	3,560	370,374
1924 ...	50,759	89,159	15,021	1,245	10,562,000	3,828	393,047
1925 ...	52,999	96,129	16,143	1,175	9,929,980	4,086	407,184
1926 ..	59,230	109,228	17,992	1,286	12,867,885	5,222	644,434
1927 ..	61,951	117,757	18,594	1,289	12,290,675	5,950	639,700

good growth within the past several years, not only in the point of population but industrially as well. The population of the towns served by the system in 1920 was 156,200, but by 1929 the population of these same towns had grown to 249,400, an increase of about 60%. A good deal of the industrial development has been due to efforts on the part of the company to induce location of manufacturers in sections particularly suited to their operations. With more industry, of course, has come population increase and greater commercial activity. Local pride in civic development has also led to endeavors to bring additional business to the respective communities.

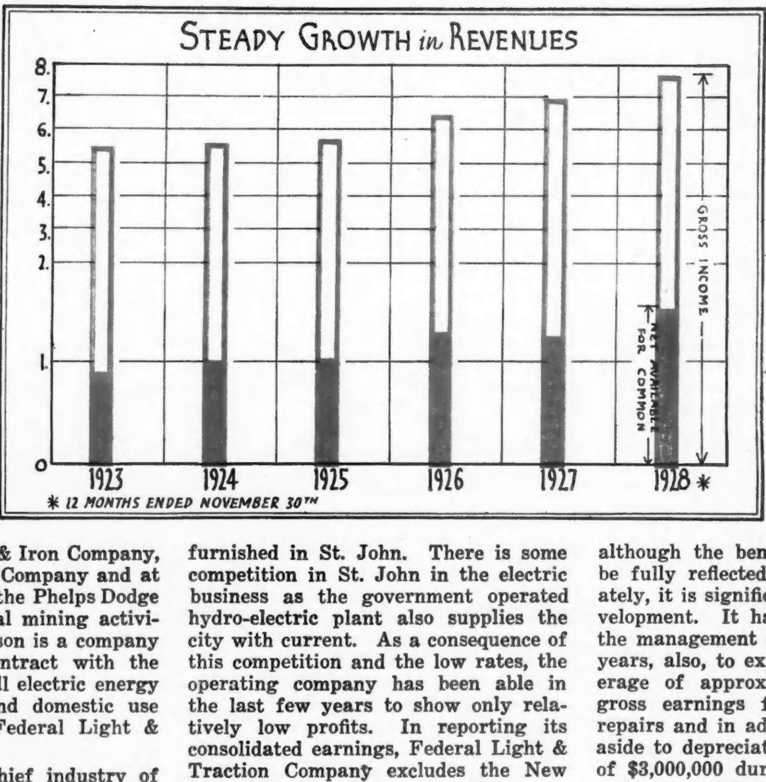
The territory centering around Albuquerque, in the Rio Grande valley, has shown very rapid growth and is a prosperous agricultural, cattle and mining area. Santa Fe, the capital of New Mexico, is a well known resort place. Tucson, Arizona, also, is a prosperous agricultural center and resort place and has shown a comparatively large increase in population.

At Trinidad, Colorado, in the heart of the Colorado-New Mexico coal fields, is located the company's largest electric plant, supplying electric energy not only to Trinidad, but to Walsenburg, Colo., and to Dawson, New Mexico. Among the large industrial companies furnished with power are the Colorado Fuel & Iron Company, Victor-American Fuel Company and at Dawson, New Mexico, the Phelps Dodge Corporation, whose coal mining activities center here. Dawson is a company town, but through contract with the Phelps Dodge Corp., all electric energy both for industrial and domestic use is furnished by the Federal Light & Traction Company.

Lumbering is the chief industry of the group of communities served by the Federal system in the state of Washington. Here occur probably some of the best stands of Douglas fir in the country sufficient to support these communities for many decades, and advantageously located from the viewpoint of cheap water transportation of the finished lumber to the consuming markets. Although not particularly large in size, these communities have shown healthy expansion since 1920.

Hot Springs, Arkansas, is chiefly a resort town and although the normal population is about 20,000 it aproaches 100,000 in the height of the season which lasts from January to April. Springfield, Missouri, the largest city in the Federal group with a population now estimated at approximately 66,000, is an important division point on the St. Louis-San Francisco Railway Company which has several shops here employing from 6,000 to 8,000 men. The surrounding territory is a prosperous agricultural region, especially known for poultry and eggs.

At St. John, New Brunswick, the company operates a steam electric plant, with installed capacity of 5,831 h.p., but also owns valuable land, and water power sites on the Magaguadavic River and in addition extensive charter rights of expropriation of water powers and regulation of stream flow on this river and on the Lepreaux River, thus controlling proposed hydro-electric developments having an ultimate installed capacity estimated at 19,000 h.p. Gas and railway service are also furnished in St. John. There is some competition in St. John in the electric business as the government operated hydro-electric plant also supplies the city with current. As a consequence of this competition and the low rates, the operating company has been able in the last few years to show only relatively low profits. In reporting its consolidated earnings, Federal Light & Traction Company excludes the New Brunswick Power Company figures.



Primarily an Electric Company

Federal Light & Traction Company is primarily an electric power and light concern, this branch of the business in 1927 accounting for 70.3% of the gross revenues. Gas service is next in importance, producing about 14.8% of the gross, followed by transportation with approximately 10.9%, divided into railway operations 7.6% and auto bus operations 3.3%. Accounting for the remaining, about 3.1% was derived from water service, and 0.9% from steam and ice. A summary of the net earnings shows that approximately 84.7% was derived from electricity, about 9.9% from gas, only 0.8% from transportation, 3.8% from water, and 0.8% from steam and ice.

Of the various types of services provided, transportation is the least profitable. Railway operations in 1927 actually showed a slight deficit, but auto bus transportation was more profitable with the result that total transportation operations were conducted at a small profit. A declining trend in street railway earnings, of course, has been common with most of the utilities. In 1925, the company inaugurated bus service partly to supplement and partly to replace street railway operations, and in 1927 had 37 buses in operation. In 1926 and in 1927 more passengers were transported by the combined facilities than in any of the five preceding years. While the street railways still transport the greater part of the passengers, about 71% in 1927, the motor bus in many instances is a more efficient and certainly more profitable means of providing this service.

Gross and net earnings of the Federal system have increased uninterruptedly during the last ten years, reflecting the management's intensive development program in the territories served. Last year, for instance, $4,400,000 was appropriated for extensions and improvements; and although the benefits of this will not be fully reflected in earnings immediately, it is significant of long range development. It has been the policy of the management during the past eight years, also, to expend annually an average of approximately 10% of the gross earnings for maintenance and repairs and in addition thereto has set aside to depreciation reserve in excess of $3,000,000 during the same period, making a total maintenance and depreciation allowance of about 17% annually. This combined annual allowance compares favorably with others of the leading utility holding organizations having consolidated business of a similar nature.

Operating economies are reflected in the reduction of the operating ratio, i.e., ratio of operating expenses and taxes to total gross revenues—from about 65% in 1922 to an average of about 62% for the years 1923 to 1927 inclusive, and for the twelve months ended November 30, 1928, the ratio was further reduced to slightly less

(Please turn to page 604)

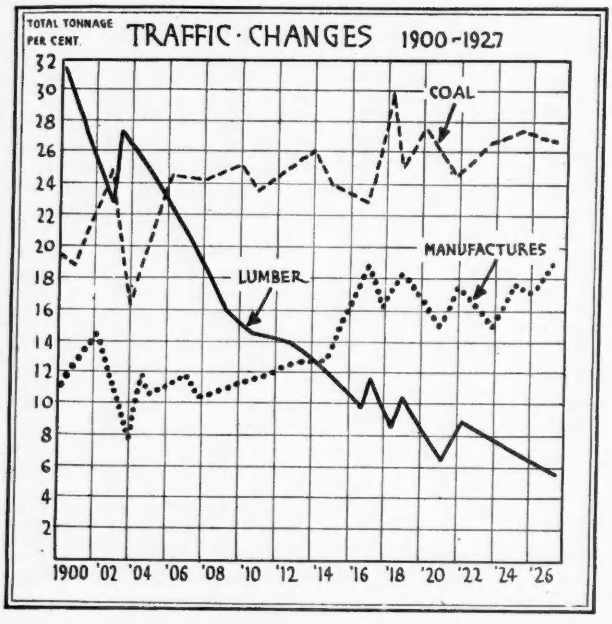
Pere Marquette

INTERESTING FUTURE *for* MERGER CANDIDATE IMPENDS

Growing Diversified Traffic—Increasing Operating Efficiency — Favorable Earning Prospect

By MAX HALPERN

THE development of Pere Marquette in the past decade is largely due to the transition of Michigan from an agricultural and lumbering state to one of industry. In consequence of this change, Pere Marquette has now reached a point where it performs a triple function as a carrier, being a terminal property, a bridge line and in recent years it has become an originator of some importance. As a bridge line it now affords a through link to the Northwest, via the Lake Michigan car ferry route, as an alternative to the present route by way of Chicago. In consequence of the rapid industrial development of the territory, the growth of its originated business has naturally followed. The compact manner in which its lines gridiron the state of Michigan lends much to its aspects as a terminal property.



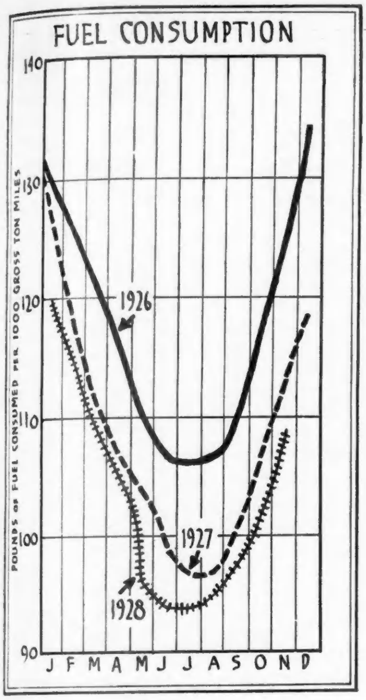
Growth of Freight Traffic

Revenue freight reflects a steady increase, having risen from 18.57 million tons in 1923 to 19.79 millions in 1927. The volume of originated tonnage also reflects a rising tendency, having almost doubled in the past decade. In 1927, 46.8% of the total volume of freight transported originated on the company's own lines. The changing status of Pere Marquette as a carrier is reflected in the character of commodities transported. Originally projected to carry products of forests, this item has been steadily declining in importance. In 1900, the latter group accounted for 31.7% of the total volume of tonnage. By 1927, it had declined to 1,159,268 tons or 5.8% of the total. The heaviest tonnage now carried, products of mines, amounted to 10,523,567 tons in 1927, being 53% of all the revenue freight. Bituminous coal is the most important commodity transported under this classification. It totaled 5,293,809 tons or 26.4% of the tonnage in 1927. The trend of coal traffic is steadily upward, although subject to considerable fluctuations, in view of the highly industrial character of the territory served. Attention to this situation is drawn by referring to accompanying graphs.

Under products of mines is also grouped, sand, stone, clay and gravel, which in 1927 was second in importance to coal, amounting to 21.6% of the total tonnage. Following products of mines was manufactures, which totaled 3,715,459 tons and comprised 18.8%. Automobiles are classified under this group. Notwithstanding the fact that the automobile industry is concentrated in Michigan, tonnage of this item carried by Pere Marquette is negligible. It amounted to 635,849 tons or 3.2% of the total carried in 1927 and in the past five years averaged 2.9%. While this business is highly desirable because it is long haul traffic and the fairly high tariff it commands, it is subject to wide fluctuations. Cement, brick and lime have been increasing in importance in recent years, this tonnage having gained 29.2% since 1923. Other items transported are products of agriculture which comprised 9.4% and products of animals 1.18%. Due to the compact nature of the territory served, for in one respect Pere Marquette resembles a vast terminal property, the average haul per ton declined from 164 to 155.4 miles during 1923-1927. In consequence, ton mileage reflects but a slight increase, having risen from 3.058 to 2.076 billions, a gain of but .59%.

Operating Revenues

Total operating revenues reflect a slight decline since 1923. In that year $45,965,736 was reported as compared with $44,744,593 in 1927. This was entirely due to a reduction of $2,094,705 in passenger and other receipts. With regard to the latter situation, Pere Marquette has been no exception. In fact since 1923, this source of revenue has been declining uninterruptedly and at a very rapid rate. The number of passengers carried decreased 57% and the average receipts per passenger



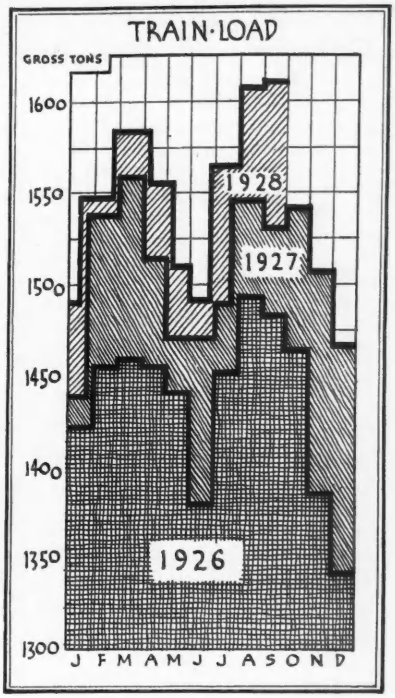
mile was 4.15%. The average haul per passenger increased slightly however. Freight revenues increased from $35,345,428 to $38,767,138 but this gain of $3,421,710 was absorbed by losses indicated elsewhere. For every ton of freight transported one mile, the company realized 1.211c in 1927 as against 1.135c in 1923, **an increase of 6.7%.** This should not necessarily be construed as an increase in rates, but may be due to the increased proportion of originated freight as well as an increase in the volume of business commanding a higher tariff. Operating expenses decreased from $34,871,096 to $31,639,864, a reduction of $3,231,232 of which $2,247,224 was due to lower transportation expenses. The latter item declined from $17,352,107 to $15,105,883, a reflection of the highly efficient management enjoyed by Pere Marquette.

Although expenditures on maintenance of way decreased $1,028,013 actual observation of the property indicates that it is in satisfactory physical condition. Maintenance expenditures fluctuate considerably, being dependent upon wages, materials and at times weather conditions. Furthermore, Pere Marquette has trackage rights over other railroads for which no maintenance expenditures are made. In their stead, joint facility payments, which also fluctuate considerably, are made. Where the traffic is dense, gravel ballast is used, as well as heavy weight rail. Ties used for renewals are treated.

Maintenance of equipment declined from $9,841,415 in 1923 to $9,515,272 in 1927. Nevertheless, the steady improvement in operating efficiency would hardly have been possible if the company's motive power was not well maintained. Freight car repairs were 1.72c per freight car mile in 1923 as against 1.55c in 1927. There may be some room for improvement in this item eventually, judging by comparisons with other roads. Were this item reduced to about 1.25c per freight car mile, further increases in earnings would be reflected.

Efficient Operation

Analysis of the operating progress in recent years readily discloses the reason for reduced transportation expenses. Thus, gross ton mileage increased from 677 to 7.87 billions or 16.3%. This, however, was accomplished by a disproportionately smaller increase in freight train mileage which increased



but 6.7%. It was largely attained through heavier loadings. Gross tons per train in 1927 averaged 1,509 as against 1,384 tons in 1923, an increase of 9.05%. The average train load does not compare favorably with that of other carriers, but this is due to a physical characteristic of the road. Being a terminal property with numerous branch lines, on some of which the traffic density is very low, tends to reduce the average train load. This is irrespective of the large average train load which is either received from or turned over to connections.

(*Please turn to page* 612)

Pere Marquette Operating Progress

	1923	1924	1925	1926	1927	Change	Per Cent.
Gross ton mileage (000 omitted)	6,770,425	6,954,701	6,454,246	7,667,519	7,878,463	1,108,038	16.3
Freight train mileage	4,890,000	4,611,000	4,857,000	5,335,000	5,221,000	331,000	6.75
Gross tons per train	1,384	1,400	1,432	1,437	1,509	125	9.05
Speed, miles per freight train hour	9.1	10.0	10.9	11.6	12.3	3.2	35.1
Train hours	535,160	463,413	447,579	458,373	422,864	D 112,296	D 2.1
Fuel consumption, lbs. per 1,000 gross ton miles	143	132	117	115	107	D 36	D 22.3
No. of cars per train	36.5	38.4	39.6	39.8	41.5	5	13.7
Net tons per car	27.0	25.9	25.8	24.3	25.0	D 2	D 7.4
Net tons per train	676	647	647	604	640	D 36	D 5.32
Net ton miles per car day	372	393	445	446	480	108	29.1
Car miles per freight car day	19.6	22.8	26.6	28.8	30.5	10.9	55.7
Gross ton miles per freight train hour	12,651	13,928	15,538	16,728	18,631	5,880	46.5

D—Decrease.

INDUSTRIALS

PROFIT PROSPECTS *in* 25 LOW-PRICED STOCKS

Thumb-Nail Sketches of Interesting Opportunities in Low Priced Common Stocks

American Brake Shoe	Continental Baking A	Island Creek Coal	Standard Oil of N. Y.
Bucyrus-Erie	Electric Power & Light	Lee Tire & Rubber	Tidewater Associated Oil
Chickasha Cotton Oil	Gimbel Bros.	Louisville Gas & Elec.	U. S. Leather
Cohn-Hall-Marx	Glidden	Otis Steel	U. S. Rubber
Colt Patent Firearms	Grand Union Tea	Pacific Gas & Elec.	Western Pacific
Congoleum	Hudson Bay Mining	Penick & Ford	Westinghouse Air Brake
			Wilson "A"

Standard Oil of New York

	Earned Per Share
1925	$3.63
1926	1.95
1927	0.67
1928 (estimated)	2.50

TO motorists in New York and the New England states, Standard Oil of New York's "Socony" trade mark is a familiar symbol. In this territory, the New York descendant of the original Standard Oil family controls something more than 50% of the refined petroleum markets. The company's domestic business, however, is just about duplicated, in point of sales volume, by its exports. Its principal foreign markets are in the Far East and the Levant where ample storage and marketing facilities are maintained.

"Socony's" foreign activities in 1927 were a source of more trouble than profit for, in marketing oil obtained jointly with the Vacuum Oil Company from Russian interests and reselling such oil in India, the company came to grips with the Royal Dutch-Shell group. The resultant price-cutting war was productive of substantial losses to both concerns. This unfortunate controversy was amicably settled last year, but too late to permit the restoration of normal earnings on foreign business.

Net profits for 1928, when reported, are nevertheless expected to show substantial improvement over the rather indifferent results attained during 1927 when a balance of 67 cents a share was earned for the common stock. The appreciably stronger markets in refined products, especially gasoline, last year, as compared with 1927, proved a boon to all important refining and distributing units. Standard Oil of New York is one of the greatest of these. In fact, it ranks second only to Standard of New Jersey in size.

Formerly, the company restricted its operations to refining and marketing. By the acquisition of Magnolia Petroleum in 1918, Standard Oil of New York materially broadened its scope, since this subsidiary is a strong producing, refining and marketing organization active in Texas and surrounding territory. The absorption of General Petroleum, in 1926, further diversified the parent concern's markets and strengthened its competitive position by providing a secure foothold in the same three phases of the industry on the Pacific Coast.

Owing to its very strong financial and trade positions, Standard of New York always has held a deserved rank among the highest caliber of investment oil stocks. The improvement which may be looked for in last year's earnings report, when issued, may not be great enough to encourage hopes of an upward revision in the present $1.60 a share common dividend. But, on the other hand, settlement of the difficulties which militated against profits on export business during much of 1927, as well as the strengthening of domestic refined oil markets should be more fully reflected in current earnings. *This prospect lends speculative color to a low-priced stock which is otherwise desirable solely upon the basis of its long range, semi-investment merits.* While a more liberal dividend payer than most of its group, the invstment quality of the stock hinges less upon the actual yield available than its high equity value.

Lee Rubber & Tire

	Earned Per Share
1925	$1.40
1926	Nil
*1927 (10 months)	2.61
*1928	.55

*Years ending Oct. 31.

THOUGH its earnings record in the past few years has not been good, Lee undoubtedly ranks as one of the more successful of the smaller rubber and tire manufacturers. Prior to 1923, the company gave a good account of itself, and even in the difficult year 1921, was able to earn a profit on operations. With the acquisition of Republic Rubber Co. in 1923, sales volume was practically doubled and output greatly diversified. This subsidiary manufactures a complete line of sundry rubber goods the sale of which accounts for about one-fourth of Lee's gross business.

Between the year just named and 1926, tire price cutting epidemics and inventory losses, growing out of widely fluctuating crude rubber markets, caused net earnings to run to three yearly deficits, interspersed with one profitable period, 1925, when a balance of $1.40 a share was shown for the stock. In the ten months ended October 31, 1927, net recovered to $2.08 a share, exclusive of profits realized from the sale of certain securities. This return to normal earning power reflected Lee's participation in the general recovery of all the better managed manufacturers.

The recurrence of price cutting and necessary inventory readjustments again reacted adversely upon the company's earnings in the 1928 fiscal year. Net profits for the twelve months

ended October 31, 1928, amounted to 55 cents a share for the 300,000 shares of no par common stock, the company's only capital obligation. This showing, though in itself rather colorless, may still be considered gratifying by comparison with that of other rubber and tire producers.

Throughout the period of unsettlement in the rubber industry, Lee has maintained a comfortable financial position. It has no funded debt, and inventory account, as of last October, stood at the lowest level in six years. Current assets totaled 6.23 million dollars while current liabilities amounted to 2.29 million, making net working capital 3.94 millions.

Given a period of stable prices for raw and finished materials, as well as further expansion of tire consumption, such as now seems to face all tire producers, Lee Rubber may be expected to show recovery of its former earning power. *As a speculation, the stock at current levels around 23, appears among the most promising of the low-priced issues in its group.*

Hudson Bay Mining & Smelting Company, Ltd.

Shares issued	2,500,000
Location of properties	Northern Canada
Kind of ore	Copper-Gold-Zinc
Estimated tonnage	18,000,000 tons
Method of mining	Steam-Shovel

HUDSON BAY MINING & SMELTING COMPANY, Ltd., owns the semi-developed Flin Flon group of properties in the Pas mining district of northern Manitoba and Saskatchewan, Canada, and is now equipping these properties to produce copper by steam shovel mining methods, having in hand what appears to be adequate capital to make them substantial producers some time during the next two years. The property is interesting chiefly because it represents extensive proved deposits of ore which may be mined economically, and a financial backing second to none in the mining world.

When the company was organized about a year ago, it obtained for the 2,500,000 shares issued as its only capital liability the properties at Flin Flon Lake, $17,500,000 in cash and connections with the Mining Corporation of Canada, Newmont Mining Company, J. P. Morgan & Company and the Whitney interests. Since organization it has completed a railroad connection from the Pas to Flin Flon Lake, established a pilot plant to experiment on smelter needs, and begun work on a power plant. It is estimated that the property, which is known to contain at least 18,000,000 tons of copper-gold-zinc ore with recoverable metal values of about $10 a ton, will be in production sometime in 1930.

Since Hudson Bay still is technically (if not actually) still in the "prospect stage," it is not possible to arrive at any tangible estimates of eventual earning power. *With the completely financed property selling at only $50,000,000 in the market (assuming a price of 20 for the stock), however, it is not difficult to see earnings more than justifying the price of the shares.* Moreover, the property never has been completely explored at depth, and it is more than possible that extensive additional ore may be developed.

Since listing on the Curb last winter, Hudson Bay stock has fluctuated in a comparatively narrow area, never experiencing any large move. Sometime this year, especially if the present price strength in copper continues, Wall Street should begin to discover that International Nickel is not the only mining venture in Canada which has hundred million dollar possibilities.

Gimbel Brothers, Inc.

Years Ended Jan. 31	Earned Per Share on Common
1925	$7.03
1926	4.82
1927	3.03
1928	.08
1929	Probably Nothing

WHILE the annual report of Gimbel Brothers, Inc., for the fiscal period to end January 31st will reveal unsatisfactory earnings for the fourth consecutive year, probably showing the preferred dividend not fully covered, recent events in the company's affairs are of a most constructive nature. The New York properties appear to be definitely on their way back to a profitable basis; or at last are gaining, instead of losing, in public favor. Julius Rosenwald, the Sears, Roebuck & Company operating genius has become a director, and a very active one; and the company's management no longer is so exclusively a Gimbel family matter. Past mistakes are being corrected and the corporation now should begin to cash in on extensive additions and improvements which have been made with an eye to the future rather than to the immediate present.

Incidentally, it has occurred to many in Wall Street that the Rosenwald influence in Gimbel Brothers affairs may have more than an internal significance. Sears, Roebuck & Company of late has been expanding into the chain store field, gradually entering large cities heretofore entirely out of its scope. What would be more logical than for Gimbel Brothers to become a part of the general retailing system which long has boasted the distinction of being "the world's largest store?"

If the biggest mail order house really wants to expand in the cities (and it never has denied the persistent rumor that it does) it is in position to obtain three stores in New York and representation in Philadelphia, Pittsburgh and Milwaukee through Gimbel Brothers at a time when the securities of the company in question are selling a great deal lower on an assets basis and on a volume of sales valuation than the securities of other merchandising companies. With Sears, Roebuck & Company efficiency methods, the Gimbel Brothers present unsatisfactory margin of profit probably quickly could be corrected and a much larger earning power could be built up.

At any rate, the company's common stock around 43, quite thoroughly discounts the organization's unsatisfactory position and its backwardness is generally recognized.

Continental Baking Corp.

	Earned Per Share on Class A
1925	$9.02
1926	8.05
1927	6.99
1928 (estimated)	4.00

LOWER flour prices, management reforms, better distributing contracts, the results of a comprehensive national advertising campaign, better plant facilities and the assimilation of scattered and loosely connected subsidiaries into a centrally controlled organization, are contributing to an inspiring improvement in Continental Baking's earnings. Even during the period in which the company's affairs were in a most unsatisfactory state, this largest bread and cake baking company was able to cover $8 annual dividend requirements on its 519,226 shares of preferred stock. After such dividends have been covered all earnings up to $8 a share belong to the 291,813 shares of class A common stock, thus practically all the increased profits resulting from the recent improvement in the company's position are accruing to this issue. Even after $8 a share has been earned on the class A, the senior common stock shares equally, share for share, with the class B stock in any additional profits. *Selling around 50, compared with a high of 144 in 1925 and a low of 26½ last year, the class A, therefore, is in a most interesting current position due to the company's somewhat awkward capital set-up. It is entirely possible that $7 or $8 a share may be earned this year and that the stock may go back on a dividend basis by the end of the second quarter.*

Eventually, Continental Baking may be recapitalized in such a way as to give the corporation a more reasonable share structure, but any plan of reorganization which may be worked out as its affairs improve will have to recognize the unusually strategic position of the class A as things now stand. The stock is said to have been under accumulation in late months by some of the keenest and best informed men in the baking industry; and it is not at all difficult to vision much higher prices for it. The class B stock, selling

around 9 compared with a high of 42⅛ in 1924 and a low of 3¾ in 1928, as matters stand now, has no earning power, simply representing equities in earnings above $8 dividend requirements on the class A which may accrue in future years. With the 2,000,000 shares of class B appraised in the market at about $18,000,000, the class A with all its prior rights, ought to be worth more than the current appraisal of 14.6 million. The issue looks far out of line and seems to be beginning to obtain proper sponsorship.

Bucyrus-Erie Company

	Earned Per Share — Conv. Pfd.	Earned Per Share — Common
1923	$6.95	$3.88
1924	6.58	3.56
1925	6.55	3.54
1926	6.66	3.63
1927	6.34	3.35
1928 (estimated)	6.00	3.25

THE "speculative urge" to buy Bucyrus-Erie common and participating preferred (entitled to non-cumulative dividends of $2.50 a share per annum and convertible at any time share for share into common) is easily stated. Established and seemingly dependable annual earning power of the two stocks is about $3.50 and $6.50, respectively; and there is an excellent prospect for a big increase in the demand for excavating equipment during the next few years, as the government carries out its gigantic plans for flood relief work in the Mississippi Valley. The two stocks appear to be much more reasonably priced on the basis of current earnings than most industrials, perhaps because of an abortive attempt last spring to discount flood relief benefits too far ahead of accrual.

Both Erie Steam Shovel Company and Bucyrus Company were thoroughly established in their respective non-competing fields before the formation of the present corporation a few years ago, and the new company is by far the largest and most complete aggregation in excavating equipment. Bucyrus furnished much of the heavy equipment used in building the Panama Canal, while Erie for years has led in the light steam-shovel business. Financial position is sound, as indicated by 13.1 million current assets against 2.3 million current liabilities and 3 million cash at the end of last June. Regular dividends are being paid at the annual rates of $2.50 a share on the preferred and $1.00 on the common, distributions being earned in both cases by a large margin.

The convertible preferred, of course, is the more conservative commitment, and it offers a higher dividend return at prevailing prices. At the same time it is convertible share for share into common, and thus would be in position to share in any dividends of more than $2.50 a share which might be paid on the common. Both stocks have a definite appeal to the investor who still demands an earning power proportionate to purchase price and at the same time likes a speculative flavor which is conservative. *While the two stocks may not move immediately, long pull commitments in them should prove entirely satisfactory. Just now both stocks seem to lack active sponsorship.*

Congoleum-Nairn, Inc.

Years Ended Dec. 31	Earned Per Share on Common
1925	$1.12
1926	0.30
1927	0.55
1928 (estimated)	1.00

RECENT improvement in the floor covering business, brought about by more stable price conditions and a saner competitive situation, encourages the belief that 1929 will be the best year for Congoleum-Nairn, Inc., since 1924. While the annual report for 1928 probably will not show more than $1.00 a share earned on the 1,641,026 shares of common stock after small bond interest and preferred dividend requirements, compared with only 55 cents and 30 cents earned in 1927 and 1926, respectively, the earning power of the shares under anything like normal conditions in the industry is large enough to justify considerably higher prices for the stock. Since financial position is exceedingly strong, all that is needed to enable the directors to resume dividends is better profits. On June 30, 1928, current assets were 17.2 million against 0.9 million current liabilities and the company had 7.3 million in cash and call loans. The former dividend rate was $2 per annum.

Congoleum-Nairn has developed several new types of lineoleum and similar floor coverings which have superior qualities. It is the largest factor in its field, and its management is closely affiliated with one of the most important banking houses in the world. As in other lines of business, the larger linoleum companies are slowly obtaining a larger percentage of the business offered. Eventually Congoleum should be a big earner, possibly absorbing some of its more prosperous competitors. *A little patience with the common stock, now selling around 30 compared with a high of 66¾ in 1924 and a low of 12½ in 1926, should be amply rewarded.*

Cohn-Hall-Marx Company

Years Ended July 31	Earned Per Share on Common
1925	$4.91
1926	Nil
1927	4.21
1928	6.49

COHN-HALL-MARX COMPANY is a cotton goods converting and jobbing house owning no manufacturing plants or machinery. It sells cloth to manufacturers of dresses, shirts, underwear, etc., purchasing the same from mills in New England and in the South. It also handles a good deal of export business. Recently, it is reported, Homer Loring, the well known New England industrialist and railroad man, became actively interested in the company's management, acquiring a substantial stock interest for himself and his associates.

The company is not a large one, as indicated by a recent stock market appraisal of only about $5,000,000; but it has a good earnings record and appears to be expanding in an aggressive manner at a time when conditions in the cotton goods industry are particularly favorable. Possibly it may become interested in manufacturing later, if a favorable opportunity to acquire really worth-while properties is offered. At any rate, the name of Homer Loring is most suggestive. Mr. Loring is a man who knows textile conditions first hand, and who has a reputation for not allowing properties in which he is interested to stand still.

Selling at around 45, compared with a high of 60 and a low of 23½ last year, the 100,000 shares of common stock which pay regular quarterly dividends at the rate of $2.50 a share are appraised at less than seven times 1928 per share earnings. Although no estimate of 1929 net is available, it is believed that the company is operating at a satisfactory profit. The only capital liability ahead of the common is an issue of $526,900 of 7% preferred stock which is privately held. At the end of the July 31, 1928, fiscal year, current assets were 6.3 million dollars against 3.1 million current liabilities, and net working capital of $3,145,060 was equal, after reducting the par value of the preferred, to about $26 a share on the common.

With cotton goods prices now firmer, any inventory losses suffered late in 1928 now should be in the process of cancellation. *Although the stock is speculative and has a rather inactive market on the New York Curb, it has a definite appeal to those who like textile securities, believe in the recovery in the cotton mill industry and have faith in superior managerial talent.*

United States Rubber Co.

Years	Net Sales	Net Income
1925	$206,473,737	$12,283,910
1926	215,528,309	5,208,800
1927	193,442,945	(d) 2,676,887
1928	N.R.	(Est.) (d) 8,000,000

(d) Deficit before transfer of $8,000,000 from Plantations subsidiary.
N.R.—Not yet reported.

AFTER sustaining heavy losses during the early months of 1928, due to falling prices of crude rubber and the necessary readjustment of inventory valuations, the rubber industry now appears to be in the most favorable position during recent years for beginning a period of sustained prosperity. Business volume seems

likely to reach new record figures during 1929 and with stabilized or slowly rising prices for crude rubber profit margins should be well maintained.

Ranking second in point of sales volume United States Rubber Co. has long been recognized as one of the leaders in the industry. Business is well diversified, being divided about equally among the tire, footwear and mechanical goods divisions.

Funded debt amounts to $104,475,400, followed by $65,110,000 8% First Preferred stock, non-cumulative, and 1,538,412 shares of no par common, assuming the issue of all of the new shares recently offered to old stockholders. During December last the common stock was changed from a par value of $100 to no par and 728,412 new shares were offered to stockholders at $35 per share. Sale of all of this stock would bring about $25,500,000 cash into the treasury, enough to pay off all bank indebtedness and to prepare for the payment of $18,520,000 7½% notes due August 1, 1930.

During 1925 net income, after inventory adjustments, amounted to $12,284,000 and in 1926 to $5,209,000, but operations in 1927 resulted in a deficit of $2,677,000 (before transfer of $8,000,000 from the accumulated surplus of the plantations subsidiary to the company's own account) and a further deficit of about $8,000,000 will probably be reported for the full year 1928 due to losses through inventory readjustments amounting to about $14,000,000 at the end of the first half year. These losses have been offset only in part by operating profits amounting to about $6,000,000 during the last six months. With the outlook for results from operations during 1929 most encouraging and with the probabilities against further losses through inventory depreciation the most profitable year for a considerable period is anticipated.

No dividends have been paid on the common stock since 1921, and none on the preferred since February, 1928. Financial position is comfortable, and with the liquidation of bank loans expected to follow the sale of the additional stock mentioned above, working capital should be adequate for all needs. Accumulating profits will permit the retirement of notes maturing in the near future and will, of course, build up the equities back of the common stock.

There is, apparently, no likelihood that dividends will be resumed on the common until a period of sustained prosperity has enabled the company to reduce its indebtedness substantially and to build up a strong position but the market price of this stock has already begun to reflect the improving outlook, selling currently around 54 as compared with a high of 63¼ and a low of 27 during 1928.

Rumors of possible mergers with other important companies have added to the market appeal of this issue recently, and the large stock interest acquired by the du Ponts, followed by steps toward an active participation in the management of the company, has doubtless brought in additional buying for investment purposes.

Although still in a somewhat speculative position United States Rubber stock possesses considerable attraction marketwise and it should continue to reflect the improving outlook for the industry and the rising earning power of the company.

Island Creek Coal Company

	Earned on Present Common
1922	$5.28
1923	4.08
1924	3.48
1925	3.21
1926	4.42
1927	5.64
1928 (estimated)	4.00

RECENTLY much has been heard in Wall Street of the recovery in the coal business, and of the prospective improvement in coal company earnings in 1929. Most of the coal producers in 1928 operated at a loss and were forced to deprive their shareholders of dividends, but Island Creek Coal Company, probably the lowest cost producer in the United States, not only paid dividends at the same liberal rate of $4 a share but also apparently earned all, or nearly all, it paid out. The stock at just over 50 is offering a dividend return of almost 8% at prevailing quotations, and unquestionably has more genuine investment merit than the shares of most of the bituminous organizations.

Island Creek operates in the non-union fields of West Virginia and Kentucky, produces one of the highest grades of steam coal, own properties containing exceptionally thick coal seams which could be mined economically even with union labor, is served by the efficient Chesapeake & Ohio railway, and possesses unmined coal reserves adequate for many years of operations. Well informed coal men regard it as one of the finest coal propositions in the whole world.

The company has not yet published its annual report, but it seems improbable that cash position at the end of 1928 was any less affluent than at the end of 1927 when the balance sheet showed almost 7 million dollars in cash and securities and total current assets of 9.1 million against 1.6 million current liabilities. Aside from 41,711 shares of $6 preferred, there is no capital liability ahead of the 593,865 shares of common, the earnings on which have not been less than $3 a share since 1920.

If the bituminous business really is going to show a big improvement in 1929, and there are indications that 1929 at a minimum will be a much better year than 1928, Island Creek should pile up much larger earnings. *The stock appears to be attractive as a conservative speculative investment in coal.*

Western Pacific R. R. Corp.

Year	Total Oper. Revenue (Millions)
1924	$14.37
1925	15.57
1926	16.06
1927	16.43
*1928	16.22

* Eleven months.

WESTERN Pacific Railroad Corp. is a holding company whose principal asset is its 100% ownership of the Western Pacific Railroad Co., which operates 1,043 miles of steam railroad between San Francisco and Salt Lake City. The parent concern also has valuable equities represented by a joint interest with the Missouri Pacific in stock of the Utah Fuel Co. and the Denver & Rio Grande Western Railroad, as well as sundry other securities.

Dividends were paid on the corporation's 6% preferred stock for several years, but with the decline in earnings and suspension of preferred dividends by the operating company in 1927, the holding company's income dwindled to small proportions and dividends were likewise discontinued.

The operating company's difficulties have been due partly to rising costs and partly to the lack of adequate feeder lines. In order to remedy these conditions, the latter adopted an improvement program, involving heavy expenditures, which has tended to curtail current earnings. Upbuilding of the railroad property may be expected to result in the development of substantial revenues eventually. At the same time, fruition of plans for extending its lines in California and for the construction of the Dotsero cut-off, connecting Western Pacific with the Moffat Tunnel route, will improve the latter's position as a competitor for transcontinental traffic.

Owing to its position, the Western Pacific Railroad has frequently been involved in merger rumors. The Atchison, Missouri Pacific, Southern Pacific and the Burlington having been variously mentioned as possible buyers of the road. There is little to indicate that a consolidation with any of the larger systems is likely to occur in the near future. Nor does it appear that the improvement program has reached a point permitting an early, marked recovery in net earnings, though some recovery was shown last year. Gross operating revenues, however, maintained the consistent expansion that has been recorded since 1921, reaching a new high figure.

Dividends for Western Pacific Railroad Corp. common stock are obviously a long way off. *But as a low-priced rail, the issue has good long range speculative prospects, based on ultimate merger possibilities and the more*

tangible probability of developing substantial earnings when the present rebuilding of the operating company's properties shall have been completed.

Otis Steel Company

	Net Income
1925	$1,404,388
1926	1,907,315
1927	1,382,880
1928	3,901,750

ALTHOUGH still one of the smaller units in the industry, Otis Steel Company, whose principal plants are located at Cleveland, Ohio, has been in continuous operation for over 55 years. Through stock ownership the company has an interest in coal, iron ore and limestone properties which are equipped to supply an important part of its raw material requirements. Otis sells largely to the automotive industry and among the principal items of output are plates, sheets, hot and cold rolled strips and castings. The average annual production in recent years prior to 1928 has been just under 2,000,000 tons.

Facilities have been greatly improved through the expenditure of some $4,000,000 for plant improvement during the year just closed, and this program of betterment will no doubt be continued, strengthening the competitive position.

Funded debt outstanding amounts to $11,622,600, followed by $11,755,700 Prior Preferred stock, 7% cumulative, and $8,900 remaining from a former issue of preferred, also 7% cumulative, both issues of $100 par value. Common stock is represented by 805,858 shares of no par value. Regular dividends are paid on the prior preferred stock but none on the common.

Financial position is strong, current assets as of June 30, 1928, standing at $11,958,000, including $4,460,000 cash and equivalents, against $3,004,000 current liabilities, leaving $8,954,000 net working capital—an increase of more than $1,700,000 during the six months from December 31, 1927.

Net earnings for the years 1925, 1926 and 1927 averaged slightly less than $1,600,000 annually, with those for 1927 at $1,382,880 about $500,000 below the year before. For 1928 net earnings of $3,901,750 have just been reported, nearly three times those for 1927. Indications are for continued gains, as operations are now reported to be at full capacity with a larger volume of unfilled orders on hand than ever before.

Reduced to a per share basis earnings available for the common stock were equal to 76 cents in 1927 and to $3.82 for the year just ended.

Following the favorable outlook and increasing earning power of the company Otis stock has followed an upward course during recent months and is now selling around $40 per share as compared with a low of 10½ and a high of 41⅞ since January 1st, 1928.

In view of the progress shown by the company and the favorable prospects for the steel industry Otis stock selling but slightly above ten times 1928 earnings does not seem overvalued and for holding over the longer term the issue is still moderately attractive though selling near the highest prices in recent years.

American Brake Shoe & Foundry

Year	†Earned per Share
1923	$3:25
1924	2.81
1925	3.35
1926	3.76
1927	3.28

† On basis of present capitalization.

AMERICAN Brake Shoe became a low-priced stock by virtue of a four for one split-up in April, 1927. Despite its present modest market level around 47, the stock is still entitled to rank among the industrial "aristocrats" by reason of the company's great financial strength and an earnings record distinguished by a marked degree of stability. Dividend payments to common stockholders run back in unbroken succession to 1902, the year in which the business was incorporated.

Since a balance after dividends has been earned, even in years of business depression, the company has been able to build up a constantly growing surplus and add consistently to its working capital. For example, the former account stood at 10.67 million dollars at the close of 1927, compared with 5.17 millions in 1922. The excess of current assets over current liabilities, which amounted to 8.09 millions in the last named year, had increased to 10.62 by the close of 1927. Funded debt and bank loans are items strange to American Brake Shoe's balance sheet. This record bespeaks a highly efficient management.

Operations were formerly confined entirely to the manufacture of brake shoes, but in later years, the company has diversified its business by undertaking the production of car wheels, railroad track fixtures and accessories, and a wide variety of castings, including manganese, steel and grey iron. In 1927, it began to produce brake shoes and braking materials for the automotive industry.

Notwithstanding the general stability of earning power, profits were affected to some extent by the extreme depression of the railroad equipment business in very recent years. Thus, net income for 1927 fell off to $3.28 a share for the common stock, compared with $3.76 the year before. Though no figures are yet available for 1928, it is understood that the company was able to improve upon the 1927 showing despite the low estate to which railroad equipment in other branches of that field had fallen. Indications are that a balance of between $3.50 and $4 a share may be anticipated for the past twelve months.

Dividends are now being paid on the common stock at the rate of $1.60 a share in cash and 2% in stock. It appears probable that this dividend policy will be modified later in the current year by the substitution of an increased cash payment for the present disbursement in stock. *In any event, the shares are attractive for their investment qualities, with possibilities of moderate price enhancement.*

United States Leather Co.

Years	Net Income	Earned per Share (Common)
1926	$535,000	....
1927	3,317,000	$1.78
1928 (Est.)	4,000,000	5.00

THE Uniter States Leather Co. is the successor by reorganization to the former Central Leather Co., and during the year and a half since its formation has made substantial progress. These gains have, of course, in an important degree hinged upon the recovery of the leather industry in general during the same period. United States Leather is the leading factor in the heavy leather industry in this country and supplies about one-third of the total output of sole, belting and harness leathers.

Capital structure of the company is comparatively simple. There is no funded debt now outstanding, the last of a former issue of bonds having been retired a year ago. Prior preferred stock, 7% cumulative, $100 par value, amounts to $16,649,525, and on this issue full dividends have been paid regularly since July, 1926. There are also 249,743 shares Class "A" stock without par value, entitled to preferential, but non-cumulative, dividends up to $4.00 per annum, and this stock also participates pro rata with the common in further distributions up to $2.00 per share. Four quarterly dividends of $1.00 each payable during 1929 were recently declared, placing this issue definitely upon a $4.00 basis.

Common stock consists of 397,010 shares, no par value, on which no dividends have as yet been paid.

Earnings record for past years has been highly irregular, but the recent trend has been quite definitely upward. Net for 1927 amounted to $3,317,000 against only $535,000 for the predecessor company in 1926. For the nine months ended September 30th, 1928, net of $3,727,000 was reported and although the first half year was better than the last indicated net for the full year is above $4,000,000. Reduced to a per share basis net earnings for 1928 should be equal to more than $12.00 available for the Class "A" stock, before prior preferred sinking fund, and

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to about $5.00 for the common, likewise before the prior preferred sinking fund but after making allowance for the participating feature of the Class "A" stock.

Financial position of the treasury has been well maintained with current assets, as of the latest report available, equal to nearly $28,000,000 against current liabilities of only $1,600,000, and with net working capital over $26,300,000.

The market prices of the United States Leather Co. stocks do not appear to have fully reflected the improving outlook for the company. The Class "A" stock is currently selling around 59 to yield 6.8% on the basis of the $4.00 dividend already declared and without considering the possibilities of the participation feature, while the common is quoted at about 33. The price range of the "A" stock during 1928 was between 52 and 72 and of the common between 22 and 51.

Although the record both for the industry in general and for this company and its predecessors is erratic, and a sustained period of high earning power cannot yet be predicted with certainty, the confidence of the management has been indicated by the act of declaring dividends on the "A" stock a whole year in advance.

The present outlook is encouraging and both stocks appear fairly conservatively priced relative to earnings and to the financial position of the company.

Glidden Company

*Year	Earned per Share (Common Stock)
1924	$2.66
1925	4.27
1926	3.41
1927	3.03
1928	4.34

*Years ended Oct. 31.

THE passing of Glidden's common dividend in May, 1927, was a step preliminary to a program of rehabilitation, designed, on the one hand, to strengthen the company's financial condition, and on the other, to improve its trade position. Between the close of its 1927 and the end of the 1928 fiscal year, working capital increased from 7.84 million dollars to 8.21 millions. Notes payable, which stood at $923,333 at the end of October, 1926, were entirely eliminated in 1927 and through sinking fund operations, the amount of preferred stock last year had been reduced to 6.92 millions.

Though the company still transacts a large volume of business with the leading automobile manufacturers, earnings are less dependent upon this phase of its activities than formerly, since the management's plan for strengthening the business has resulted in diversifying outlets for Glidden's products. In recent years, chain methods of distribution were applied to operations by establishing a retail and service stores division.

Net sales have increased year by year, so that, for the fiscal period ended October 31, 1928, Glidden was able to show a record sales total of 27.41 million dollars. This figure compares with sales of 25.51 millions the year before and 25.43 millions in 1926. Completion of manufacturing facilities permitted an improvement in profit margins during 1928 which was reflected in a substantial gain in net earnings.

A surplus of 1.77 million dollars was shown for the common stock last year, equivalent to $4.34 a share, against $3.03 in 1927. This marked improvement in earning capacity paved the way for retirement of all but $315,000 of the company's funded debt late in 1928, through an offering of additional common stock to shareholders. Dividends on the present 500,000 shares outstanding were resumed in November with the declaration of a regular quarterly payment of 37½ cents and an extra of 12½ cents a share, or $2 per annum.

Though the common stock has experienced an appreciable advance from last year's low levels, at prevailing prices around 40 it is still selling on a conservative basis in relation to earnings and is fairly attractive.

Wilson & Company—Class "A"

Years	Net Income
1926	$3,169,759
1927	147,397
1928	2,207,876

AS a speculation possessing good possibilities, the class "A" shares of Wilson & Company appear to be in a fundamentally attractive position. A sharp recovery in the earning power of the company was indicated by the operations for the year ended October 27, 1928, reflecting the better underlying conditions in the meat packing industry. The price trend on the whole was favorable to profitable operations, although toward the close of the fiscal year hog prices dropped sharply from the peak reached in September to a level about 30% lower at the end of October occasioning some inventory write-down. From the viewpoint of the present year, however, this development is beneficial because it again allows accumulation of inventory at a relatively low level of prices for hogs. The high prices for beef caused by a shortage of cattle have not been conducive to great profits in this branch, but this item is small in the domestic market compared with pork to the meat packers.

The improvement in the South American situation, also, is benefiting Wilson & Co., since about 7% of its business originates there. What for some years has proved a source of considerable loss to those packers having interests there has, with the settlement of the meat trade war, again become profitable.

Wilson & Company shows the highest rate of turnover of inventory and working capital of any of the four leading meat packing companies. Despite this, the company showed the lowest operating income per dollar of sales in 1927 of any of them, amounting to only 1.30 cents which compares with 2.96 cents for the eight months of operation in 1926. Wilson's principal difficulty, therefore, has been an operating one. For the fiscal year ended Oct. 27, 1928, the margin of profit recovered to somewhat above 2.00 cents per dollar of sales, but judged by results in a good year in the packing industry even this margin must be considered low. An improvement in the profit ratio would mean considerably larger earnings to the company.

As a result of the improvement in earnings during the past fiscal year, the directors declared a dividend of 1¾% on the 7% cumulative preferred stock, after a lapse since November, 1926. Specifically, the net income for the year ended Oct. 27, 1928, was $2,-207,877 after depreciation, interest, etc., equivalent to $7.71 a share on the 286,026 shares of 7% preferred stock. Allowing for 7% on the preferred, the balance is equal to 57 cents a share on 357,533 no par shares of class "A" stock. This compares with a net profit of $147,396, or 51 cents a share on the preferred stock in the preceding year. Depreciation charges in the 1928 period were somewhat higher than in 1927. Working capital position was improved showing an increase of $5,798,898 and outstanding bond issues were reduced by $654,000.

A continuation of the upward trend in net income will place the class "A" shares in a position to receive dividends after the preferred stock accumulations of 6.41 2/3% have been cleared up. The class "A" is entitled to dividends of $5 a share after the preferred and in preference to the common, the dividend becoming cumulative after Nov. 1, 1930. Moreover, the class "A" is convertible share for share into common of which there are 534,983 shares outstanding. The class "A" in 1928 ranged in price from 22 to 35 and is currently selling for about 25 at which price it appears attractive.

Penick & Ford, Ltd. Incorporated

	Earnings per Share
1925 (a)	$2.25
1926 (a)	1.37
1927 (b)	2.04
1928 (9 months)	1.47

(a) Years ended June 30.
(b) Year ended December 31.

PENICK & FORD is an important packer of molasses and cane syrup and also manufactures corn syrup and other corn products. The company sells in bulk direct to manufacturers in many lines and also distributes

through retailers the country over under a variety of established trade names.

The largest selling product probably is the well known "Brer Rabbit Molasses," which far outranks in popularity any competitors in its special field. Other popular brands include "Penick Salad Oil," "Penick Syrup," "Penford Corn Sugar," "Penford Corn Syrup," "Douglas Starch" and "Douglas Feeds."

Funded debt amounts to $1,952,700 according to the latest available report. This is after giving effect to the retirement of $1,000,000 in bonds as of June 1, 1928. At the end of December, 1926, funded debt stood at $3,546,-800 and the financial progress of the company is well indicated by the fact that during eighteen months nearly one-half of this debt was liquidated from current earnings and without resort of any other financing.

Capital stock includes $3,340,000 7% cumulative preferred, $100 par value, and 433,773 shares of common, no par value. The most recent balance sheet, that issued as of December 31, 1927, indicated an excellent financial position. Current assets stood at $5,878,-754 compared with current liabilities amounting only to $874,817, the ratio being nearly 7 to 1, and net working capital equaling over $5,000,000.

Earnings for the first nine months of 1928 showed a small gain over the same period in 1927 amounting to $811,939 against $787,875 for the earlier year. This improvement has been achieved in spite of the high prices for corn, the company's principal raw material, ruling through 1928.

Since January 1st, 1928, the price range of the common stock on the New York Stock Exchange has been between a high of 44⅝ and a low of 22⅜, with the current quotation about 42. No dividends are being paid on this issue, but as earnings are applied toward retirement of indebtedness and the building up of the equities back of the common stock the price level should continue to reflect the improvement.

Although spectacular market appreciation is scarcely to be expected this issue appears reasonably priced and commitments for the longer term should prove profitable.

Colt's Patent Fire Arms Mfg.

Year	Divs. Paid per Share
1919-20	$5.0
1921	3.5
1922-25	2.0
1926	2.5
1927	2.0

By virtue of the economic changes wrought in American industry with the close of the World War, Colt's corporate title no longer fairly describes the company's activities. Like many another concern engaged in the manufacture of firearms and ammunition, the great war brought to Colt's an unprecedented prosperity. But the close of hostilities left the management with serious problems.

Fortunately, in this case, war-time profits were not too generously paid out to shareholders. A substantial surplus was retained in the business, so that, in the process of discovering new uses for expanded production facilities, the company was enabled to make the necessary transition without serious disturbance.

Prior to the war period, Colt's had a long and enviable earnings and dividend record, dating back to incorporation of the business in 1902. Large dividends were paid out of war earnings, but since 1922, the current $2 rate has been a fixture with the exception of 1926, when $2.50 was paid. While the firearms business remains an important phase of manufacturing activities, output has been diversified to cover several other fields. Thus, the electrical manufacturing department produces meter protective devices, fuses, underground boxes and the like. Small moulded products, such as base plugs, humidors, asbestos sheet packings, etc., are made by another division, while the third of the newer departments manufactures washing machines for hotel and industrial uses.

As is the case with most over-the-counter stocks, information in respect to actual earning power is meagre. *Judged by its dividend record, management and financial status, however, Colt's Patent Fire Arms common at current levels around* 45 *is entitled to a semi-investment rating and appears in an attractive light among the low-priced industrials.* As of January 1, 1928, current assets totaled 6.18 million dollars against which there were but $80,674 of current liabilities. The company has no funded or floating debt and the 5 million dollars of $25 par value common stock constitute its only capital obligation.

Electric Power & Light Corp.

Years	Earned per Share
1925	$1.01
1926	1.45
1927	2.09
1928 (Est.)	2.25

Electric Power & Light Corp. is a holding company affiliated with the powerful Electric Bond & Share Co. organization. Its two chief operating groups serve about 650 communities having a combined population of nearly 2,000,000 people. In all, operations are conducted in ten different states, chiefly Utah, Idaho and Oregon in the West and Arkansas, Mississippi, Louisiana and Texas in the South. About 60% of the gross revenues of the system are derived from the sale of electrical energy and some 30% from traction properties. Natural gas fields in the southern district are also being developed.

The parent organization has no funded debt of its own but that of the various operating subsidiaries totals about $187,167,260. Share capitalization outstanding consists of 489,116 shares of 7% cumulative preferred stock, 110,736 shares 7% second preferred "A" stock and 1,776,726 shares of common—all stocks being without par value. There are also option warrants for common stock equivalent to 762,132 shares carrying the privilege of purchasing common stock at $25 per share.

Full dividends are paid on the preferred stocks of both classes and the common was placed on a $1 annual basis by payment of quarterly dividends of 25 cents beginning in May, 1928.

Financial position of the holding company is excellent, current assets as of June 30, 1928, being reported as over $16,000,000, nearly eight times current liabilities. Working capital of more than $14,000,000 was ample for all purposes, and showed an increase of about $6,000,000 during the year from June 30, 1927, reflecting increases in capital stock and the application of surplus earnings.

Earnings have shown a definite upward trend and the company enjoys a promising outlook because of well located properties and an able management. The prospects, then, for continued development and progress are excellent, and while unlikely to be spectacular, growth should be steady and well sustained.

The common stock is now selling around 46, with the price range since January 1, 1928, between a low of 28¾ and a high of 49⅝. The current price is fully twenty times indicated earnings per share for the year 1928 and affords a yield of but 2.2%. *At this level the market is obviously discounting all probable developments well in advance but for the long pull the issue still appears attractive.*

Westinghouse Air Brake Co.

Years	Net Income	Earned per Share
1926	$10,535,000	$3.32
1927	8,520,000	2.69
1928 (Est.)	6,345,000	2.00

Directly and through subsidiaries Westinghouse Air Brake is the leading maker of air brakes for railway and automotive vehicles and of signalling and automatic train control apparatus. Foreign subsidiaries manufacture similar equipment in Europe and Australia and are said to have sufficient business now in sight to keep them busy for five years. Dividends on the stocks of these companies owned by the parent organization should soon begin to increase substantially the earnings reported by the company.

During recent years equipment purchases by American roads has been at a minimum but many important systems now lack modern signal and train control devices and are expected to install such equipment either voluntarily or by order of the Interstate

Commerce Commission within the comparatively near future. Such business, when and if it develops, should greatly benefit Westinghouse, which would naturally get the lion's share of the orders. The increasing use of air brakes and vacuum brakes on buses, trucks and passenger automobiles is also anticipated.

Capital structure is a model of simplicity, there being no funded debt and no preferred stock. Capital stock, all one class and without par value, is outstanding in the number of 3,172,111 shares out of an authorized total of 4,000,000 shares. The stock is on a $2 annual basis through the payment of dividends of 50 cents quarterly.

Financial position of the company is exceptionally strong. At the date of the last annual report, December 31, 1927, current assets amounted to $41,888,000 against current liabilities of only $5,159,000 with indicated net working capital of $36,729,000. There is no reason to believe that these figures have been materially changed during the year 1928.

Earnings have been erratic with a declining trend in recent years due to the contraction of railway buying. For 1926 net was $10,535,000 or $3.32 per share on the basis of the present capitalization, for 1927 a decline to $8,520,000 or $2.69 was reported, and based on the results of the first three-quarters of the year the total for 1928 will but barely cover the $6,344,222 dividends requirements.

Selling at 47, or well over 20 times indicated earnings for the last year, Westinghouse Air Brake cannot be considered on the bargain counter, in spite of the strong treasury position of the company. *The yield, however, is about 4.3% and the long term outlook for increasing business and larger earning power, particularly from the foreign subsidiaries, is sufficiently satisfactory to warrant commitments for investment purposes, especially in case of any substantial reactions from the current level.*

Grand Union Company

NET INCOME	(Combined Companies)
1925	$259,313
1926	427,856
1927	512,520
1928 (9 months)	342,837

GRAND UNION COMPANY was organized as a holding company in May, 1928, to combine through stock ownership Jones Bros. Tea Co. and Oneida County Creameries Co. All of the preferred stock and over 90% of the common of the former company has been acquired, and the entire capitalization of the latter. Since its organization Grand Union has gained control of several additional chain coffee and grocery organizations and the program of expansion is still actively in progress.

The company is without funded debt. Authorized capitalization consists of 500,000 shares $3.00 Series Convertible Preference Stock, no par value, of which about 172,242 shares are outstanding, and 1,000,000 shares no par common stock, voting trust certificates representing about 552,620 shares of which are outstanding. Full dividends have been paid on the preference stock since its issue, but none as yet on the common. The Convertible Preference stock is callable at $60 per share and is convertible into common at the rate of 1½ shares of common for each share of preference stock.

Many chain store grocery systems have been notably successful. Grand Union has both aggressive management and strong banking connections and should in due time develop excellent earning power. The convertible preferred stock combines relative safety of income with attractive speculative possibilities.

Both stocks are listed on the New York Stock Exchange, the preference stock now selling for about 52 to yield 5.8% and the common at 29. The price range for the preference stock has been between 46½ and 62⅜ and for the common between 26¾ and 41⅞.

Balance sheet as of September 29, 1928, showed a comfortable cash position with current assets of $6,391,815 against current liabilities of $3,014,072—a ratio of better than 2 to 1—with net working capital of $3,377,743. Since the above balance sheet was issued substantial blocks of new stocks of both classes have been sold to old stockholders, bringing in a considerable sum of new money for use in expanding the business.

Earnings for the nine months' period ended September last showed a net of $342,837, of which almost $136,000 was earned during the September quarter against $207,000 during the entire first six months, indicating the progress being made in putting operations upon a more efficient basis. Earnings per share were not greatly in excess of the dividend requirements for the preference stock, but the earning power of the common will increase rapidly as the benefits of the reorganization become more apparent.

Subsidiaries of Grand Union now operate more than 600 cash and carry grocery stores located in New York, Pennsylvania, Connecticut and Vermont. In addition about 1,000 wagon routes from 118 stores serve country districts in 24 states. Sales are showing substantial gains and as the organization is perfected and operating expenses are further reduced profits may be expected to expand to a basis comparable with those of other successful chain grocery systems.

At current levels the convertible preference stock yields a satisfactory return on the investment and the conversion feature will cause the price level to reflect any gains in the earning power of the company. The common stock has merit as a speculation for the long pull based on the successful records established by other well managed chain store grocery systems.

Chickasha Cotton Oil Company

Years*	Net Income
1926	$1,253,419
1927	1,446,906
1928	1,425,534

*Ended June 30th.

A NEW-COMER on the New York Stock Exchange, Chickasha Cotton Oil Company, nevertheless, has the impressive record of being able to operate at a profit in twenty-seven out of twenty-eight years of its existence, a fact which speaks well for the character of its management. The company's dividend record, moreover, has also been very satisfactory, payments having been continuous since 1906 with the exception only of 1914 and 1921, the former the year of the World War, and the latter, one of severe business depression.

The company is engaged chiefly in the ginning of cotton and the production of cotton seed oil, although these are supplemented by the manufacture and sale of cotton lint, baled cotton, felt, cotton seed meal, cotton seed cake, and cattle feed. Cotton seed oil is sold mainly to the large meat packers and soap manufacturers, felt and lint are sold to automobile and furniture manufacturers, a considerable part of the products goes to patent feed concerns, which include Quaker Oats Company and Ralston Purina Company, while cake and mixed feed are sold under the company's own trade name "Chico."

Incident to public participation in the enterprise, the company was recapitalized in 1928, involving a ten-for-one split-up and a 50% stock dividend, which brought the outstanding stock to 202,500 shares of $10 par value. Later, three other companies were acquired, Anadarko Cotton Oil Co., Mangun Cotton Oil Mill Co., and Hollis Cotton Oil Co., payment for which was made by 52,500 shares of stock. All three properties had adequate earnings records, and as they were acquired on a favorable basis, Chickasha's position undoubtedly was strengthened. The company now owns twelve cotton oil mills in Oklahoma, and controls over 170 cotton gins located mainly in Oklahoma, but some are in Texas. Outstanding capitalization now stands at 255,000 shares of common stock with no senior obligations of any kind.

Combined earnings of Chickasha and the three absorbed companies for the year ended June 30 last were equivalent to $5.59 per share on the present capitalization, but in the corresponding period in 1927 Chickasha earned $7.14 per share; in 1926, $6.18; in 1925, $9.14, and in 1924, $1.13. Last year, although gross sales showed a substantial increase, the expenses were greater proportionately, a condition which is probably only temporary due to the policy of immediately charging against current earnings, costs in connection with the development of new products and new business.

With a certain amount of market

Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	—Earned $ per Share— 1925	1926	1927	Redeem-able	Recent Price	Yield %
Norfolk & Western	4 (N)	115.54	160.35	133.40	No	85	4.7
Atchison, Top. & St. Fe	5 (N)	37.17	48.83	40.47	No	104	4.8
Union Pacific	4 (N)	38.41	41.17	39.35	No	83	4.8
Baltimore & Ohio	4 (N)	35.33	48.41	38.44	No	80	5.0
Southern Railway	5 (N)	37.63	39.33	36.17	100	99	5.1
Wabash "A"	5 (N)	11.48	11.86	6.87	110	99	5.1
Pere Marquette Prior	5 (C)	57.50	68.77	64.08	100	96	5.2
Colorado & Southern 1st	4 (N)	43.18	52.56	57.76	No	76	5.3
St. Louis Southwestern	5 (N)	11.96	12.09	9.30	No	91	5.5
N. Y., Chicago & St. Louis	6 (C)	24.91	24.65	20.31	110	109	5.5
Colorado & Southern 2nd	4 (N)	39.13	48.50	53.76	No	70	5.7
Kansas City Southern	4 (N)	10.06	10.86	9.04	No	69	5.8
Chic., Rock Is. & Pac. 2nd	6 (†)	12.23	20.57	22.49	102	102	5.9
N. Y., New Haven & Hart	7 (C)	....	....	22.05	115	117	6.0
**St. Louis, San Francisco	6 (N)	15.92	16.12	15.23	115	95	6.3

Public Utilities

	Div. Rate $ per Share	1925	1926	1927	Redeem-able	Recent Price	Yield %
Public Service of New Jersey	8 (C)	§19.66	§21.46	§16.28	No	146	5.5
Columbia Gas & Electric	6 (C)	....	27.81	25.42	110	108	5.6
Philadelphia Co.	3 (C)	23.53	24.20	28.28	No	53	5.7
Federal Light & Traction	6 (C)	33.02	41.51	39.67	110	100	6.0
Amer. Water Works & El	6 (C)	....	22.63	24.30	110	100	6.0
Hudson & Man. R. R. Conv.	5 (N)	34.12	40.32	40.70	No	82	6.1
Standard Gas & Electric	4 (C)	14.00	20.00	16.20	No	66	6.1
West Penn Electric	7 (C)	16.15	20.81	23.10	115	109	6.4
Electric Power & Light	7 (C)	9.72	13.83	16.21	110	106	6.6
Continental Gas & Elec. Prior	7 (C)	22.26	26.28	32.71	110	104	6.7
Amer. & Foreign Pow. 2nd	7 (C)	11.40	8.89	3.58	105	97	7.2

Industrials

	Div. Rate $ per Share	1925	1926	1927	Redeem-able	Recent Price	Yield %
Pillsbury Flour Mills	6½ (C)	....	*20.19	*44.90	110	152	4.3
International Harvester	7 (C)	32.11	36.74	35.71	No	143	4.9
American Smelting & Ref.	7 (C)	30.88	35.52	30.96	No	137	5.1
McCrory Stores	6 (C)	15.97	47.82	52.42	110	114	5.3
Deere & Co.	7 (C)	13.68	23.22	25.74	No	128	5.5
Studebaker Corp.	7 (C)	208.13	173.89	160.79	125	125	5.6
General Motors	7 (C)	101.78	167.17	182.15	125	125	5.6
U. S. Industrial Alcohol	7 (C)	33.98	16.27	30.03	125	124	5.6
Case (J. I.) Thresh. Mach.	7 (C)	21.49	29.39	38.43	No	125	5.6
Endicott Johnson	7 (C)	44.57	34.77	48.10	125	123	5.7
Bethlehem Steel Corp.	7 (C)	26.64	20.84	16.32	No	122	5.7
Mathieson Alkali Works	7 (C)	58.60	67.86	74.06	No	123	5.7
Associated Dry Goods 1st	6 (C)	29.92	27.67	24.10	No	106	5.7
Mid-Continent Petroleum	7 (C)	106.48	133.61	52.40	120	121	5.8
Baldwin Locomotive	7 (C)	0.98	29.42	12.21	125	119	5.9
Brown Shoe	7 (C)	45.23	29.69	44.12	120	119	5.9
International Silver	7 (C)	16.08	24.39	30.82	No	118	5.9
U. S. Smelting, Ref. Mng.	3.5 (C)	5.97	6.25	6.28	No	57	6.1
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	115	6.1
American Cyanamid	6 (C)	*20.53	*29.53	*24.24	120	99	6.1
Devoe & Raynolds 1st	7 (C)	37.29	49.70	53.23	115	112	6.2
Goodrich (B. F.) Co.	7 (C)	51.57	13.96	39.19	125	114	6.1
Loew's, Inc.	6½ (C)	....	....	....	105	105	6.2
Victor Talking Machine	7 (C)	nil	38.44	35.00	115	113	6.2
Central Alloy Steel	7 (C)	....	35.11	27.26	110	111	6.3
Radio Corporation	3.5 (C)	10.31	13.86	20.02	55	55	6.4
Bush Terminal Debentures	7 (C)	16.01	16.81	18.88	115	107	6.5
Goodyear Tire & Rubber	7 (C)	....	11.83	18.80	110	103	6.8
International Paper	7 (C)	12.58	11.31	7.42	115	90	7.8

C—Cumulative. N—Non-cumulative. † Cumulative up to 5%. § Earned on all pfd. stocks. * Years ended June 30. ‡ Guaranteed unconditionally by Bush Terminal Co.
** Adjusted to basis of present stock.

seasoning and with a continuation of the satisfactory earnings, Chickasha Cotton Oil Company Common stock should sell at higher levels than its present price of 46. The present dividend of $3.00 per share gives a yield of over 6.50% on the stock at its current price.

Pacific Gas & Electric Company

Year	Net on Common
1926	$5,370,360
1927	7,001,192
1928 (9 mos.)	6,625,176

REPRESENTING the equity in the largest enterprise supplying electric power, light and gas service on the Pacific Coast, the common stock of the Pacific Gas & Electric Company is benefiting by the sound expansion of this vast concern. The company's development and prosperity has been synchronous with the growth of California.

The properties of the company are operated as a well coordinated system extending over the northern and central portion of California, embracing eight of the twelve largest cities of the state, namely, San Francisco, Oakland, Sacramento, San Jose, Stockton, Berkeley, Fresno and Alameda. All told, about 310 cities and towns are served, with total estimated population of 2,500,000.

Practically steady expansion has been shown in both electrical and gas business in the last decade, the average rate in recent years being about 10% annually in both branches. The electric business accounts for about 62% of the gross revenues, gas about 35%, and the remainder is derived from street railway and minor interests. The company is fortunate in possessing tremendous water power resources, and at present about 75% of its total generating capacity is hydro-electric. Since the company owns large reserves of water power resources capable of economic development, it can readily add to its generating capacity from time to time as the needs of its business warrant.

With the natural growth of the territory served and the more intensive development, the gross earnings of the company have been showing consistent yearly increases. Net earnings are increasing at a rate faster than the gross, as the operating expenses have shown a steady downward tendency, their relation to gross for the nine months this year being 51%, a reduction of more than 2% over the same period last year, and of 12% since 1924. Maintenance and depreciation reserve allowances have averaged 16% of gross earnings over the past 12 years, a rate which is above the average.

Net earnings for the 9 months ended September 30, 1928, were equivalent to

(Please turn to page 614)

MARKET REFLECTIONS

Timely Interpretations of Stock Market Events

INAUGURATED with the present issue, this feature is designed to discuss the high lights in the stock market of the past fortnight and to point out interesting developments bearing upon the general situation and individual securities, as they unfold.

AFTER opening the new year with an impressive burst of strength that carried the popular averages of both rails and industrials to new high levels, the stock market suddenly reversed itself. Between January 3 and January 8, prices lost a little more than one-fourth of the preceding advance. Reports that the Federal Reserve might see fit to advance the New York rediscount rate furnished Wall Street with the usual convenient explanation for the market's setback. Traders had apparently forgotten that the market's recovery from the mid-December low, even for present day bull movements, was unusually sharp and required a surprisingly short period for its execution, so that a technical setback was in order.

A fresh tightening of call money around the fifteenth temporarily checked a renewed advance and supplied a further pretext for reaction. But at the close of the fortnight, constructive interests appeared to have their stocks well in hand and bullish demonstrations predominated.

* * *

U. S. Steel's ability to push through to a new high for all time stimulated favorable sentiment toward the rest of the market. Steel is always a popular bellwether. Its resumption of leadership was accepted as an indication that the "powers that be" are still committed to the bull side of the market.

* * *

A SUFFICENT basis for the strength in Steel and other stocks in that group is to be found in the fundamental position of the industry. Earnings of practically all producers are expected to show up well for the final quarter of 1928. Moreover, steel companies have entered the New Year with substantial backlogs of unfilled orders. Steel prices are firm and production is well maintained. Hence, first quarter earnings statements will probably compare favorably with those for the last three months of 1928 and especially with the first quarter last year. It is this prospect that has given buoyancy to the steel stocks of late.

* * *

YOUNGSTOWN SHEET & TUBE, whose earnings in the final quarter may run well over $3 a share, has developed an extremely thin market, little stock being in supply on reactions.

INTEREST in the copper stocks has tended to flag a little. The statistical position of the metal market remains strong, but speculative interests are evidently inclined to stand aside momentarily in order to judge what effect the moderate increase in stocks of copper during December may have upon the demand for and price level of the commodity. Good buying appears in evidence among the leaders of the group, nevertheless, suggesting that additional dividend increases are anticipated this year.

* * *

CALUMET & Arizona is regarded as a laggard among the copper stocks. Action of directors at the dividend meeting early in February will be watched with interest. Assuming no increase in production costs over 1928 and maintenance of monthly production at recent levels, Calumet & Arizona should be able to show a substantial gain in net earnings. Continuation of the extra $1 dividend paid last November as a regular quarterly feature would not prove altogether surprising.

* * *

EARNINGS of the rubber companies for the full year 1928 will make a mixed, and not very impressive showing, on the average, owing to the inventory losses sustained in the second half of the year and the general reductions in tire prices. Removal of artificial restrictions upon raw rubber production with abandonment of the Stevenson Plan, however, promises to permit the natural working of economic laws in the market for crude and bring greater stability to prices than has been seen in late years.

The recent advance in rubber prices to levels above 20 cents a pound, reflecting improvement in the commodity's statistical position, has tended to revive interest in the leading tire stocks. Earnings of such companies as Goodyear, Goodrich and among the smaller companies, Lee, are expected to show material improvement this year in view of the prospective gain in tire consumption and greater price stability.

* * *

IMPRESSIONS gathered at the New York Automobile Show tend to suggest that competition between passenger car manufacturers in coming months will be exceptionally keen. Motor stocks this year have lacked their customary enthusiasm during the show period. Apparently speculative interests are disposed to treat these stocks with reserve until such time as the earnings prospects of the various companies shall have become more clearly defined.

* * *

THOUGH the rail shares have partaken to some extent of the strength in the industrials, the public still manifests a striking apathy toward most railroad issues. This, notwithstanding the fact, that measured by present day standards, the rails are selling at more conservative price levels in relation to earnings and actual dividend yields than the majority of leading industrial stocks.

New York Central and Pennsylvania have been exceptions to the general indifference. The latter road, especially, is an outstanding example of the results accomplished by railroad managements of late in the direction of improving net earnings through strict application to the problem of instituting operating economies.

Rumors of a new stock offering and increased cash dividends have accompanied the rise in "Pennsy." An increase in cash disbursements to $4 a share does not appear illogical in view of the steady expansion of net earnings. Owing to the management's conservatism, however, it is felt in some quarters that Pennsylvania's advance presages an offering of new stock to shareholders, involving valuable subscription rights, rather than an increase in cash dividends.

* * *

OUTLOOK for the better class of automotive accessory stocks appears encouraging. Regardless of competitive conditions in other branches of the motor industry, parts and accessory makers should do well inasmuch as automobile production promises to hold up at high levels. Much speculative attention is being directed to companies said to have Ford contracts.

* * *

PUBLIC utilities reflect steady absorption by investors. A sudden burst of activity and strength in American Telephone featured this group. Telephone is ordinarily a staid mover, though it has had such fits of exceptional activity on previous occasions during the past year or so. Its recent advance above the 200 mark has revived the usual rumor of a split-up. This seems unlikely, however, since the management has frequently denied any intention of adopting such a plan or, for that matter, of altering its present dividend policy.

It is interesting to note, at the same time, that subscription rights issued to shareholders during the last five years have had a value averaging more than $4.50 a share per annum. Thus, Telephone may be considered to have paid the equivalent of $13.50 in dividends, which, on the basis of current prices, means a yield of more than 6.75%. This is an obviously handsome return for a stock of American Telephone's unquestioned investment standing.

THE MAGAZINE *of* WALL STREET'S COMMON STOCK PRICE INDEX

Third Annual Revision

WITH this issue, THE MAGAZINE OF WALL STREET'S Common Stock Price Index enters upon its fourth year. In revising the list of stocks to be included in the 1929 Index, one issue which was in last year's Index has been omitted, because stricken from the list by the New York Stock Exchange; one was dropped because its volume of sales fell below 100,000 shares last year; and four are left out because the companies were absorbed by mergers. On the other hand, in order to preserve the character of this important index as highly representative not only of the market as a whole but of its major constituent groups, we have added seventy-seven new issues in which last year's transactions exceeded 500,000 shares.

This record number of additions, which compares with fifty-one added last year and only twenty-six in 1927, offers striking evidence of the rapidly growing public interest in the stock market and the accelerated rate at which the country's leading corporations are availing themselves of the facilities afforded by this great public market for securities.

As a net result of the foregoing changes in the list, our 1929 Index covers 379 different stocks. This compares with 308 issues last year, 264 the year before and 238 with which the Index made its debut in 1926.

Group Changes

Reflecting our policy of endeavoring to keep the Index abreast of evolutionary changes in the business world, students of the averages will be interested in noting that five new groups—*Aviation, Finance Companies, Investment Trusts, Meat Packing* and *Phonographs and Radio*—have been set up this year. All but one of these, Meat Packing, represent comparatively new industries. Meat Packing, though among the older industries, could not formerly be represented in our Index as a separate industry; because Cudahy Packing, one of the minimum number (two issues) needed to form a new group, had not until last year attained the requisite volume of sales for admission to our list of component issues.

Space limitations obviously prevent us from breaking up the Index into as many distinct industrial groups as might otherwise be deemed desirable. This year the Index is subdivided into 42 leading industrial groups, in addition to an *Unclassified* group of 58 issues not provided for in the foregoing. This year the figures for the Unclassified Group Index will not be published. Its movements have no industrial significance, and are probably of little practical value to traders and investors. Price changes among "Unclassified" stocks will, however, exert their proportionate influence upon the Combined Average, as in former years.

In the 1929 Price Index, the old *Alcohol* group has been merged with the group, *"Chemicals & Dyes,"* and yearly closing prices of the latter group, as now constituted, have been recalculated.

In addition to the foregoing, the following changes in group nomenclature have been inaugurated this year, in order that the titles may be more descriptive of the class of stocks which are now included:

Five & Ten Cent Stores: name changed to *Variety Stores.*

Furniture: name changed to *Furniture & Floor Covering.*

Motion Pictures: name changed to *Amusement.*

Telephone: name changed to *Telephone & Telegraph.*

The Group Base

For their historic interest to the investor it is, of course, desirable to date the group indexes back as far as possible. The majority of our group indexes are based upon 1925 closing prices as 100. When setting up new group indexes, however, it is not always possible to go back so far as 1925; because it may be that few, if any, of the issues now entering into the group were listed at that time. In the interest of uniform practice, we have therefore adopted the following rule for starting new groups: *Adopt as a reference base, 100, the closing prices of the earliest year (after 1924) during which the majority of issues of which the new group is constituted were traded in.*

Take the new *Aviation* group, for example, which consists of two stocks, Curtiss and Wright. Wright was traded in prior to 1925; but does not constitute a majority of the two issues. Curtiss, on the other hand, was not listed until 1927. Hence the Aviation group index must be based upon 1927 closing prices as 100.

THE MAGAZINE OF WALL STREET'S
Common Stock Price Index
Secular Progress of Group Indexes

Group	Yearly Closing Indexes 1925	1926	1927	1928
COMBINED AVERAGE	100.0	95.7	116.3	165.4
Railroads	100.0	98.5	132.0	147.1
Agricultural Implements	100.0	170.6	300.0	513.2
Amusement	100.0	115.2	102.9	253.8
Automobile Accessories	100.0	78.5	91.6	190.2
Automobiles	100.0	76.4	89.8	133.5
Aviation	....	....	100.0	284.4
Baking	....	100.0	69.4	82.3
Biscuit	100.0	120.6	187.0	225.2
Business Machines	100.0	108.5	159.1	235.0
Cans	100.0	89.2	119.9	177.7
Chemicals & Dyes	100.0	105.9	161.1	221.9
Coal	100.0	104.5	108.0	120.2
Construction & Bldg. Material	100.0	83.5	99.5	136.9
Copper	100.0	118.7	177.8	299.6
Dairy Products	100.0	80.0	70.4	120.4
Department Stores	100.0	67.0	68.0	86.5
Drugs & Toilet Articles	100.0	152.5	162.0	196.0
Electric Apparatus	100.0	100.2	129.6	183.5
Fertilizers	100.0	56.5	84.0	106.4
Finance Companies	100.0	61.6	61.7	126.7
Furniture & Floor Covering	100.0	91.6	127.4	165.0
Household Appliances	100.0	103.4	97.0	110.8
Investment Trusts	....	....	....	100.0
Mail Order	100.0	88.0	149.3	418.6
Marine	100.0	79.6	74.9	77.4
Meat Packing	100.0	86.0	77.9	104.4
Petroleum & Natural Gas	100.0	95.3	95.6	164.4
Phonographs & Radio	....	....	100.0	290.0
Public Utilities	100.0	96.3	129.5	215.5
Railroad Equipment	100.0	101.4	128.9	127.6
Restaurants	100.0	81.4	104.0	131.0
Shoe & Leather	100.0	69.8	138.3	176.2
Soft Drinks	....	100.0	152.9	208.6
Steel & Iron	100.0	79.7	88.7	138.8
Sugar	100.0	112.0	89.5	78.7
Sulphur	100.0	166.1	381.7	286.9
Telephone & Telegraph	100.0	104.6	123.8	150.1
Textiles	100.0	92.5	79.0	122.8
Tire & Rubber	100.0	64.4	96.6	104.0
Tobacco	100.0	161.6	190.3	180.9
Traction	100.0	129.5	107.6	126.6
Variety Stores	100.0	74.6	106.8	124.4

In this connection, it is perhaps worth remarking that the reference base for a group index frequently dates back farther than the year when publication of weekly figures was begun. The Chemical and Dye Index is a good case in point. Weekly indexes for this group, as formerly constituted, were computed in detail from the end of 1925 to the end of last year, based upon 1925 closing prices as 100. This year, upon adding the two issues from the old Alcohol group (both of which were traded in during 1925), it seemed hardly worth while to go back and recalculate all the weekly indexes; so we merely computed yearly closing indexes, based upon 1925 as 100, and have labelled the index: "Revised 1929." Whenever a group index is based upon other than 1925 closing prices this will be found so stated in our table, which appears regularly in each issue.

A Guide for the Investor

The Price Index has now been established long enough to begin to show some of its possible value to that type of investor who likes to place a portion of his funds in common stocks. The accompanying table of yearly closing indexes, though covering only the brief span of three years, reveals quite clearly that not all industries have participated equally in the blessings of what is commonly held to have been a period of general prosperity. The investor will find much food for thought in answering such questions as: "Why have Agricultural Implement stocks advanced over 400% in three years, while leading Fertilizer stocks, for example, are up only 6.4%?" "Why have leading Drug & Toilet Article companies steadily increased their profits during each of the three years, whereas prominent Steel & Iron stocks decline one year and advance another?" *Evidently some groups of common stocks have been desirable as long pull investments, while others were safe for only comparatively short commitments.*

Important Corp. Meetings

Company	Specification	Date of Meeting
Independent Oil & Gas	Directors	1-26
Miller Rubber	Pfd. Div'd	1-26
Atlantic Refining Co.	Directors	1-28
Merchants Refrigerating Co.	Directors	1-28
Union Oil of California	Directors	1-28
Brockway Motor Truck	Executive Com.	1-29
Continental Motors	Directors	1-29
Illinois Central R.R.	Directors	1-29
Inter. Business Mach.	Directors	1-29
U. S. Steel Corp.	Dividend	1-29
Baltimore & Ohio R.R.	Directors	1-30
Inter. Silver	Com. Div'd	1-30
Lima Loco. Works	Directors	1-30
N. J. Zinc Co.	Directors	1-30
Oil Well Supply Co.	Directors	1-30
Westinghouse Elec. & Mfg.	Directors	1-30
Studebaker Corp.	Pfd. & Com. Div'd	1-31
Allis-Chalmers Mfg.	Directors	2-1
Radio Corp. of America	Directors	2-1
Detroit Edison	Annual	2-4
Endicott-Johnson Corp.	Directors	2-4
Amer. Express Co.	Directors	2-5
Am.-La France & Foamite Co.	Directors	2-5
Atchison, Topeka & Santa Fe.	Directors	2-5
Brown Shoe Co.	Com. Div'd	2-5
Amer. Water Works & Elec.	Pfd. Div'd	2-6
Atlas Powder	Com. Div'd	2-6
Certain-Teed Products	Directors	2-6
General Gas & Elec.	Directors	2-6
Grand (F. W.), Inc.	Directors	2-6
Lehigh Valley R.R.	Directors	2-6

THE MAGAZINE OF WALL STREET'S
COMMON STOCK PRICE INDEX
(1925 Closing Prices = 100)

Number of Issues in Group	Group	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low	Recent Indexes Jan. 5	Recent Indexes Jan. 12	1928 Indexes (308 Issues) Close	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low
379	COMBINED AVERAGE	168.0	165.4	167.7	168.0H	165.4	166.0	109.2
40	Railroads	150.8	147.1	150.8H	149.3	147.1	148.9	119.5
3	Agricultural Implements	523.0	504.5	523.0h	504.5	513.2	513.2	280.5
8	Amusement	267.4	253.8	263.6	267.4H	253.8	262.9	98.3
15	Automobile Accessories	195.7	190.2	195.2	195.7H	190.2	190.2	86.4
18	Automobiles	133.5	131.7	131.7	132.7	133.5	133.5	79.0
2	Aviation (1927 Cl.—100)	298.3	282.1	282.1	298.3	284.4	(Begun	1929)
3	Baking (1926 Cl.—100)	92.2	82.1	82.1	92.2h	82.3	82.9	51.5
2	Biscuit	237.7	225.2	237.7	230.7	225.2	242.4	169.7
4	Business Machines	235.0	234.1	234.1	234.7	235.0	235.0	153.7
2	Cans	182.3	177.7	179.1	182.3H	177.7	181.4	117.2
7	Chemicals & Dyes	223.4	221.7	223.4	221.7	221.9	(Begun	1929)
2	Coal	124.0	120.2	123.8	124.0h	120.2	120.3	81.8
14	Construction & Bldg. Material	137.2	136.5	137.2H	136.5	136.9	136.9	94.4
15	Copper	305.2	299.6	305.2H	299.9	299.6	299.6	159.8
3	Dairy Products	121.0	117.5	117.5	121.0	120.4	132.5	68.1
7	Department Stores	86.5	85.1	85.1	86.0	86.5	89.5	62.9
10	Drugs & Toilet Articles	199.2	196.0	199.2	198.2	196.0	201.9	157.2
5	Electric Apparatus	187.8	183.5	187.8H	186.6	183.5	183.5	125.6
3	Fertilizers	111.9	106.4	109.6	111.9	106.4	116.3	78.4
3	Finance Companies	151.3	126.7	146.4	151.3	126.7	(Begun	1929)
4	Furniture & Floor Covering	185.3	180.8	185.3H	180.8	185.0	185.0	110.2
5	Household Appliances	110.8	107.3	107.3	107.4	110.8	113.3	87.5
2	Invest. Trusts (1928 Cl.—100)	102.6	100.0	102.0	102.6	100.0	(Begun	1929)
3	Mail Order	418.6	408.5	408.5	418.2	418.6	426.5	147.9
4	Marine	81.4	77.4	81.2	81.4	77.4	96.5	66.8
2	Meat Packing	104.4	98.9	99.4	98.9	104.4	(Begun	1929)
40	Petroleum & Natural Gas	168.9	163.8	168.9	163.8	164.4	182.6	86.1
5	Phono'phs & Radio (1927—100)	303.9	290.0	303.9	298.1	290.0	(Begun	1929)
17	Public Utilities	216.8	213.3	213.3	216.8H	215.5	215.5	127.9
10	Railroad Equipment	130.4	127.6	130.2	130.4H	127.6	128.9	112.1
3	Restaurants	132.4	131.0	132.4	132.4	131.0	138.1	89.8
2	Shoe & Leather	178.3	176.2	178.3	176.2	176.2	231.4	138.3
2	Soft Drinks (1926 Cl.—100)	209.0	206.9	206.9	209.0	208.6	214.0	152.9
13	Steel & Iron	143 3	138.8	140.5	143.4	138.8	143.4	86.3
6	Sugar	79.0	77.8	79.0	77.8	78.7	93.7	72.8
2	Sulphur	295.2	286.9	289.7	295.2	286.9	386.9	251.6
3	Telephone & Telegraph	155.6	150.1	153.8	155.6H	150.1	150.1	120.8
6	Textiles	125.0	122.8	124.0	125.0H	122.8	123.8	78.6
8	Tire & Rubber	106.0	100.1	100.1	106.0h	104.0	104.0	61.5
11	Tobacco	184.6	180.9	182.2	184.6	180.9	195.0	167.8
5	Traction	136.6	126.6	134.1	136.6	126.6	150.4	103.8
2	Variety Stores	128.0	122.4	128.0h	122.4	124.4	126.8	98.0

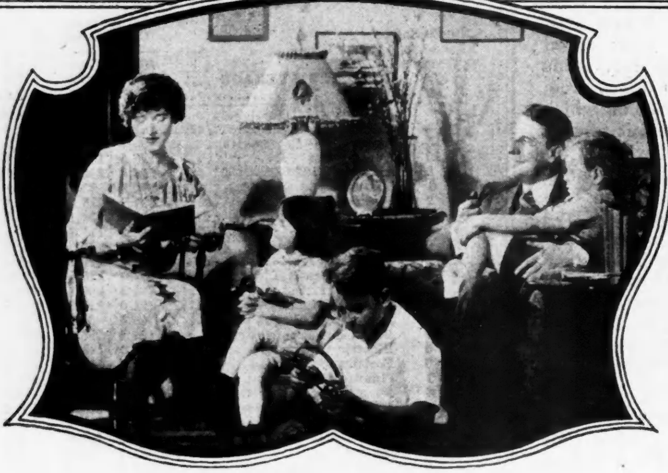
H—New HIGH record since 1925. h—New HIGH record since 1927.

(An unweighted Index of weekly closing prices specially designed for investors. The 1929 Index includes 379 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments; and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

EDITORIAL PAGE

Building Your Future Income Department

The Building Your Future Income is the contribution of The Magazine of Wall Street to the financial education of the Nation's present and future investors. The articles appearing in this section are widely used by students in the classroom, in the financial training of the younger business executives and in the investment "upbringing" of young people in the home. These pages, in addition, offer a unique medium for the interchange of ideas and experiences of readers, building up over a period of time a veritable fund of practical knowledge that would otherwise be lost to the younger generation of investors.



"Establish An Estate"

THE nation has just completed its celebration of National Thrift Week. To be more specific, starting on January 17th—the birthday of Benjamin Franklin—and continuing through January 23rd, the National Thrift Committee made its annual thrift appeal to the citizens of the country. This year, the committee selected a slogan which had special interest for the majority of the readers of the BYFI Department—"Establish An Estate."

By the time that this editorial appears in print, Thrift Week will be concluded; the speeches will all have been made and most of them forgotten; the committees will remain mostly inactive for another year; newspaper editors will turn from thrift and savings to crime waves and bull markets; and Henry Ford will continue to warn the youth of the country against "too much thrift."

Through the Building Your Future Income Department, however, this publication will continue throughout the year to spread the doctrine "Establish An Estate," with practical experience-tested plans for accomplishing this worthy goal. There is a good deal of effort made these days to "inspire thrift," some of which is amateur inspiration but more often the professional variety. It would not be amiss, under these circumstances, to take out one week of the year in this column, and devote it to a plea for less inspiration and more practical assistance.

In these United States there are millions of men and women of all ages who want financial independence or at least some greater measure of economic self sufficiency; who hate poverty and dependence on others; who would like to have larger incomes; save greater amounts; invest more wisely and live more comfortably while they are doing all this. They do not require much inspiration; they do not have to be "sold" that the idea of thrift is a splendid idea; neither are they unmindful of the desirability of establishing an estate—but they want to know how to do it. They want practical help. They ask for budgets which will enable them to hold down on their expenditures and increase their savings. They seek knowledge about investments and markets. They are eager for sound counsel on making profitable investments without gambling risks. They seek insurance that gives them the right kind of protection and investment values for their own particular needs. They are in the market for good homes, if a home investment will make the road to financial independence easier. They have the inspiration for financial success—they want the practical means of attaining this success.

National Thrift Week occupies an important place in the general welfare of the nation. But thrift must not be confined to one week out of fifty-two by those whom the message of thrift week is intended to reach. What they need is practical help in attaining their estate, 365 days out of the year.

Intelligent Use of Present Income Will Assure Financial Independence

A Business Woman's Plan for Financial Independence

The right man may never come along, cautions the author, advising Thrift

By JENNIE BARNITZ

MOST young men hope to marry, own their own home, keep a car, give the kids greater advantages than they enjoyed—etc.—etc.—all very worthy aspirations and to do this they realize the necessity of saving a portion of their earnings, and investing this nest egg wisely.

On the other hand, most young women hope to marry in a social circle, where savings were taken care of long ago by young Mr. Gotrocks' great grandfather. They hope to sign checks in nothing less than three figures thereafter. Oh, yes! Most of them fail to get this, and those who marry very cleverly adapt themselves to no better or a little worse than "Mother had." In the interlude between arrival in the business world and stepping off in matrimony, their entire earnings are spent in little else than gay plumage. A savings account never enters their scheme of things.

The Elusive Mr. Right

Unfortunately or otherwise, many of them never meet Mr. Right or Mr. Wrong. Very often their salaries reach an early maximum—the grey hairs begin to show through the dye—and their daily task becomes drudgery that they feel some cruel fate has forced upon them. After years of toil the spending habit is still with them, and often their total capital does not exceed $500.

This is a dreary picture but often all too true. I have met many a business woman who says that what she might be able to save is so little it would not pay to try it. She does not realize that saving is a matter of character and does not depend upon the amount of one's earnings.

This is a tale of one who saved—invested wisely—took a year away from the canyons of Wall Street to roam the fascinating old towns of Europe—who has returned to the said canyons—continues saving—and hopes to stay on the right side of the market.

My business career started as a librarian earning the preposterous salary of $40 a month. I lived at home—contributed nothing to the family exchequer—had a fairy god-father in the family who financed all vacations, outings, matinees, etc, etc. I never saved a penny, of course, although I could walk to the library and the tasty little meals cooked in our library kitchen never netted us over twenty cents.

One day the god-father announced that he would double whatever amount I had in the savings bank at the end of the year. By stinting I managed to save $75 in ten months, and found myself the proud possessor of $150. Having such wealth I naturally looked about for a means of spending it. The steamship company advertised a cruise to Jamaica, the Canal and Colombia—your steamer, your hotel—all for $110. I had a little cash on hand—drew down $100 and took my first long ocean voyage.

It was worth a thousand dollars. I realized for the first time what charming pictures and delightful leisure money can buy. The $50 left in the bank was slightly added to the very next pay day. I have had the saving habit ever since, and keep a little plan of what I hope is wise spending and wise investing.

I changed my position to a more remunerative one in the financial district—assumed most of the financial responsibility at home. For some years I practiced strict economy which often irked but I've always had a little oasis just ahead where I might spend.

My first thousand in the bank looked pretty good—I decided to rest on my laurels for a while and enjoyed a delightful trip through Canada.

A "Tip" on the Market

My first "tip" on the market came that Fall. A friend phoned me to buy "World Film," selling around 75 cents a share. Everybody in her office was putting all they could into it. (It later appeared that she did not purchase any of this supposed gold-mine—I often wonder if half the tipsters ever buy what they recommend.) I fairly ran with my $25 to buy thirty shares while I could still get it at 75 cents. I was thrilled when the deal was completed. I was at last a stockholder and on my way to riches. Thirty shares—suppose it went to $100—$200. Of course it wasn't on the Stock Exchange YET.

Weeks later, I knew my $25 was thrown away. It was worth as much as the Caribbean cruise for it made me comprehend that investing your money wisely is augmenting your savings—that speculating on "tips" is putting your hard earned cash in a breeze

(Please turn to page 586)

Intelligent Use of Present Income Will Assure Financial Independence

A Savings Plan Based On Stock Investments

After Repeated Failures with Other Savings Mediums, Comes the Decision That It Is Better to Buy Stocks Than Not to Save at All.

By R. B. S.

THIS interesting savings story is presented here by way of recognition of the fact that temperament plays an important part in successful income building. If stock buying provides an incentive for saving, it deserves a better fate than the condemnation of the conservative minded investor.

TO take the bunk out of the budget has been our problem. We tried with complete failure to make the budget budge.

For quite some time we studied all things available on how to budget the income, we bought specially constructed household account books. We tried to divide our income into a certain per cent for living, all further subdivided, a certain per cent for amusements, for advancement, for carfare, and a whole infinity of other details far beyond our poor power to follow.

We tried savings accounts, building and loan, with always the same result. After accumulating a little surplus, we'd walk in the bank door, withdraw the money and spend it—once for a car out of my class, once to take a long vacation and a long trip, coming back in debt to complete payment on the trip. And then we discovered the secret of saving.

Now to tell the story.

A Life Insurance Advocate

I am a white collar man drawing $300 per month, married, with a daughter coming along in school. I had been raised on life insurance and during various times I have added to it until I have ten thousand dollars worth of insurance in three different companies. It was easy for me to keep paying the insurance premiums as I always had the feeling that failure to do so would be robbing my family of something they might need later on.

"It is a fascinating game. We see their names in the paper every day"

Half of the insurance is twenty-payment life and the other is straight life, but the dividends and the interest from previous dividends will presumably make these policies self-supporting at about the 27th year.

An Odd Experience

I learned something about renting and buying a home which is, I believe, an unbeatable argument for owning your own.

When first married, we rented, paying $20.88 a month. A rather odd amount. Now this was in the early days when a very comfortable home could be rented at that sum. After wondering a year about the odd amount, I discovered that the man who owned the home was buying it himself from the building and loan, and that that monthly payment of mine was doing the trick.

In all I paid in over a thousand dollars for him. In other words, he was getting a free gift of a house for paying the taxes and keeping up the repairs. It looked pretty soft to me. He had really put into the place $500, the rest was my gift to him. So never again.

This house renting, too, was the period when we

Intelligent Use of Present Income Will Assure Financial Independence

Building Your INVESTMENT Future Income

tried the savings bank and the B. & L. with negative results.

Goes in for Home Owning

To add the next chapter, we bought a home, after carefully searching the town for a bargain. The monthly payments were heavy. We had to make them or lose the home. In four years, however, we had enough paid down to take a first mortgage on the place, and then our troubles really began.

We had about one hundred dollars a month to do something with. We had failed just saving it or putting it in building and loan. From time to time we had read of immense fortunes being made in the stock market. So we put in a few hundred dollars, added more from time to time until $1,800 had gone into the hands of a broker on margined account.

While away on my vacation, the broker who was a notorious bucketeer failed, taking with him every cent of the eighteen hundred.

Our next assay was purchasing stock on the installment plan, and we were bitten by the same dog twice. This installment dealer with offices in several big cities, went to the wall and we were bumped off again.

That made twenty-three hundred dollars lost and chargeable to experience. So lesson number one was paid for.

We investigated our broker from then on. Neither one of the first two was a member of any recognized exchange. And there is plenty of help available from many sources to learn about your broker.

Lesson number two was briefer and less costly. I bought two hundred dollars worth of stock from a salesman who in glowing terms forecast a brilliant future of which he was eager to get me in on the ground floor. The ground floor caved in soon afterward letting me scramble out of the cellar with about ten dollars.

So we learned to purchase only securities listed on some reputable exchange. If they are listed, it is a very easy matter to get the lowdown on them.

It was about this time that I began to read THE MAGAZINE OF WALL STREET, studied their careful analyses of stocks and the market, and began to get a sort of investment wisdom or judgment which has stood by me in good stead during the last three or four years.

Obtains Help From Books

I secured two very good books which I still cherish as they really opened my eyes, one of which, incidentally, was published by THE MAGAZINE OF WALL STREET. I learned to buy the "best stock in the worst industry," from one while from the other I learned all about the stock market and its dangers and pitfalls and what to avoid, how to tell when a stock was too high and how to judge purchasing time.

Now you can't do much with a hundred dollars a month in the stock market. I had to buy cheap stocks. Sometimes I could purchase one, sometimes two and even three and four per month, depending entirely on the price of the stock. Of course, as a trader, my results would have been negative, but I was purchasing for the long pull, three or four years, waiting for the stock to go up even thought it took some time.

I found out the name and address of an odd lot broker in an advertisement, who has given me

(Please turn to page 618)

BYFI RECOMMENDS—

For Savings

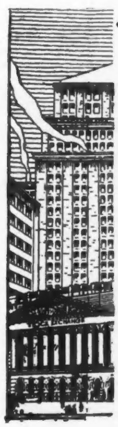
1. SAVINGS BANKS. A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable medium.

2. BUILDING AND LOAN shares serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion.

ENDOWMENT INSURANCE is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in saving but in view of small return, should not occupy too large a place in the accumulating program.

For Investments

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	100	4.7
2. Public Service Elec. & Gas 1st & Ref. 5s, 1965	105	4.7
3. Standard Oil of N. Y. deb. 4½s, 1951	97	4.7
4. Western Pacific 1st 5s, 1946	99	5.1
5. Youngstown Sheet & Tube 1st S.F. "A" 5s, 1978	101	4.9
6. New York Steam 1st "A" 6s, 1947	107	5.4
7. Chesapeake Corp. Conv. Coll. 5s, 1947	100	5.0
8. Associated Dry Goods 1st 6% Pfd.	104	5.7
9. Hudson & Manhattan Conv. 5% Pfd.	84	6.0
10. Southern Pacific Common $6	131	4.6



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed are intended for a permanent investment, and, as such, will ultimately provide a sound backlog of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

Intelligent Use of Present Income Will Assure Financial Independence

Provide Your Insurance Protection While in Good Health

Typifying the timely advice given on Insurance Matters

By FLORENCE PROVOST CLARENDON

Insurance Editor:

I am wondering if there is any type of insurance policy to cover the following case: A young man of thirty-five undertook tc buy three lots on the installment plan five years ago. They were located in a growing suburb just outside the limits of this city, and in the next period of annexation will doubtless be taken into the city proper. Two years ago, however, this young man was taken sick and since that time no payments have been made on account of either principal or interest.

Now I have heard there is a type of insurance policy to cover the building or the buying of a home, and I thought that in this case the man's wife, apparently healthy and in her early forties, and with a fairly good paying position, could get a policy to help her in the situation rather than sacrifice the equity of abcut $1,000 already paid on the lots. Such property is dull at present and no sale could be effected except at a bargain price; meanwhile the agent is thratening to close the matter out at once.

If there should not be anything to cover this particular case, kindly direct me to some literature on the subject of the best policies. I am an elderly lady, a kinswoman of the man in question, but not in a position to help materially.—A. W. T.

Your letter is a very interesting one, and gives a wonderful pen picture of unfortunate circumstances.

The young man should have taken insurance when he was in good health, and when he was buying those lots. He should also have had the benefit of Permanent and Total Disability provision through life insurance protection. But this can only be obtained by people when they are in good health. There is no remedy when the day of sickness or disaster comes in the case of investments made by installments.

In the case of his wife, if she is occupying a good position and earning good money, she should try to redeem the lots and resume the payments — always provided the lots are worth what they are being bought for. Otherwise there is a great likelihood that the equity will be forfeited by foreclosure sale.

Moreover, insurance on the wife's life would not protect the situation today. At the same time, it might be desirable if she were to effect some small insurance for her husband's benefit, especially in view of the fact that he is sick and helpless. In this case she seems to be the provider and the husband the dependent.

Providing for Children's Education

Insurance Editor:

As a subscriber, I would like to avail myself of your advice on insurance matters. I am 31 years of age, married, two children 3½ years and 6 months of age. I have $10,000 U. S. Government Endowment at age 62 years; $5,000 Metropolitan straight life, $1,000 Federal Life Insurance Co. straight life.

My problem is as follows: I wish to assure my children a college education by taking out a 20-year endowment pclicy on my life or by a combination of life insurance and Building & Loan. I have considered taking out additional ordinary life insurance, but do not care to overload my insurance obligations for old age. Term insurance for say ten years until a building and loan account is large enough to give my children a good start thru college in case of my death after the term insurance expires is another consideration.—L. U. R.

The most economical budget for a college education, including maintenance of the pupil during four years, is $1,000 annually during the collegiate course—and this would mean exercising strict economy. You therefore will probably have to plan a fund of from $8,000 to $10,000 to finance this higher education for your two children in later years.

You have omitted to state your annual income, so it is a little more difficult to suggest the more feasible life insurance plan. You are now carrying $16,000 life insurance protection. With a young family, which may grow larger, you could with advantage increase your present coverage on a *permanent* plan if your income will permit.

If your income is now less than $5,000 annually, you could take a policy for $10,000 on the 10 Year Convertible Term plan to create an immediate estate in that amount for the financing of your children's college education in event of your death occurring prior to the period of college entrance. This would cost approximately $87 annually; if carried for an additional 10 years, commencing at age 41, the cost would rise to about $116 annually. Meantime, this is providing pure protection for the specific purpose, but is not building up cash, loan, or surrender values.

Our suggestion therefore is that you take either Ordinary Life, or preferably 30 Payment, insurance, which would meet the same issue in event of your untimely death; and in event of your living to personally pay your children's college expenses, you would still carry this additional protection for your family's need, or to provide a fund of old age maintenance for yourself. At age 31, $10,000 on the Ordinary Life plan would require an annual premium of about $176; on the 30 payment — approximately $203 (non-participating basis used for ease in vizualizing quickly the net cost).

Are Endowments Subject to Income Tax?

Insurance Editor:

Will you please advise me whether I am liable for income tax payment on the proceeds of an endowment policy, and how I am to compute the tax. I had a twenty-year endowment policy which matured last year. The dividends during this time had been left with the company to accrue to my benefit, and when the policy matured I left the proceeds with the company for a short time, they paying me interest. Although the face value of the policy was $2,000, these extras brought the total amount received up to $2,445. If I must pay a tax on this amount as income, how is the tax calculated? Thanking you in anticipation of your courtesy, I am, very truly yours, T. R. S.

We understand that the income tax on an Endowment maturing at this date is computed as follows:

1—By subtracting from the total maturity value, the value of

Intelligent Use of Present Income Will Assure Financial Independence

the policy at the date the Income Tax Law went into effect in 1913;

2—From this difference you also deduct the premiums paid for the insurance from 1913 to maturity;

3—The difference between these last two items is the taxable amount. For example: If a policy for $1,000 taken at age 35 matured as a 20 Year Endowment on January 1, 1928, and the amount received including dividend additions should be $1,200, the value in 1913 when the policy was 5 years old would be $178. (This value does not take into account any dividends which had accrued up to 1913, and these would probably be allowed as a further deduction). The difference is therefore $1,022. The premiums for participating insurance would be approximately $50 a year, and accordingly the premiums paid from 1913 to maturity would be $750. The taxable proceeds would therefore be $222.

This is a complicated matter which can probably only be completely answered under advice of the company with which you are insured, or a qualified independent actuary.

Insurance Editor:

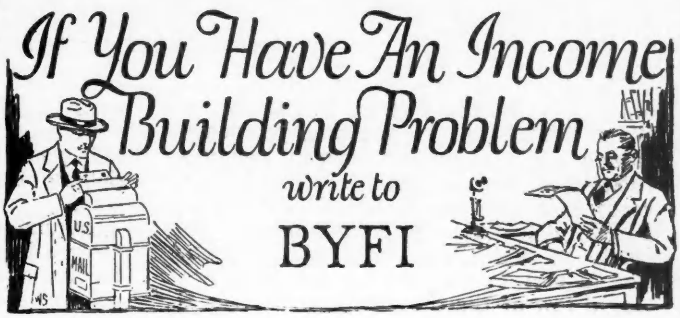
I should appreciate your reaction on my present layout of my insurance. I am 38, have one child. At present I am carrying $9,000 Government insurance; converted war risks $4,000, in 20 payment life; $5,000 in endowment maturing at 65 years. I also carry $5,000 Savings Bank insurance.

I should appreciate your advice pertaining to a change in my list to endowments of $5,000, maturing at the age of 55 years. What would you carry under my circumstances? My wish is to save all I possibly can now for insurance, whereby later on I can benefit when my earning capacity is lessened. I shall appreciate your reply. Very truly yours—H. J.

It is preferable not to disturb existing insurance by change to other plans if such change is not essential. While you have in mind maintenance in old age—should you be fortunate in living on to enjoy the years beyond age 60, your primary object in this life coverage I assume is to provide protection for your wife and child in event of your untimely passing. We would consider that you could more advantageously increase your present coverage than changing existing policies to the more expensive forms.

If your health and vigor continues into the older years, you will probably continue in business after age 60; thus your Endow-

(*Please turn to page* 597)



The Investment Club—A Good Idea Gone Wrong

Dear BYFI Editor:

In the past I have read a unmber of articles in the BYFI Department on Investment Clubs, but the idea has not been of immediate interest to me until recently. Now I am considering two propositions, and I would like to ask which one you would favor. With your wide contacts with various classes of clubs, perhaps you can tell me in a general way how successful they are and which one I should select at present. One is a club formed by employees of the company I work for. It is planned to have about fifty members, each one of which will subscribe $500 a year. The management of this club will be placed in the hands of one man who has had much experience and considerable success on his own account in purchasing securities. The other is really not an investment club but more in the nature of a small group of close friends who will meet once a week to discuss securities, market trends and investment opportunities that they are familiar with and make joint investments in an informal sort of a way. It seems to me that the first club with an active manager would make the largest profits, although the members would have little to do with it, except to put up their share of the capital. Which one would you prefer? Very truly yours.—L. K. J.

As you point out in your letter, this Department has been interested in the Investment Club idea for many years. We have given aid and advice in the formation of some clubs; have had reports and correspondence from others and published a number of articles describing the formation and operation of some of these clubs. Although, one of the earliest sponsors of the investment club idea, within the past year or so it has been a little discouraging to see the investment club idea capitalized by various ventures that get far away from the original idea. We have seen a number of quite ambitious propositions organized under the name of an investment club, presumably for the mutual benefit of a large number of members, but too frequently, we suspect, for the personal profit of the organizers and managers.

Even granting the good faith and pure philanthropy of the organizers of such undertakings, in both practice and theory they get away from the original conception of an investment club as sponsored for many years by this department. In this investment club idea, there is one fundamental point to consider. Whether the capital is used exclusively in high-grade investment issues or whether it is used for capital appreciation in common stocks, there is no reason to expect any better success from a group than from any of the individuals in the group.

Furthermore, the trend of these so-called "investment clubs" in the past year or so has been rather in the nature of speculative pools. Some individual had momentary success in the stock market and immediately got his friends to put up their money to enlarge on his operations. In the long run, we are convinced that

(*Please turn to page* 615)

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

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The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

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1 *Be Brief.*
2 *Confine requests for an opinion to THREE SECURITIES ONLY.*
3 *Special rates upon request to those requiring additional service.*
4 *Write name and address plainly.*

UNION CARBIDE & CARBON

Will you please let me know whether in your opinion the nearby possibilities of Union Carbide & Carbon are about exhausted? Less than two years ago, after reading an article in your magazine, I bought 50 shares of this stock at 102 and now have a nice profit. Is Carbide due for a split-up soon?—B. M. C. Montgomery, Ala.

Viewed from any angle, the prospects of the Union Carbide & Carbon Company shape up in a very impressive manner. Functioning as a holding company, operations are conducted through the medium of 20 manufacturing subsidiaries, with more than 100 plants and factories located throughout the country. Products of the company are remarkably diversified and include batteries, calcium-carbide, electro-furnace alloys, oxygen and acetylene, to mention but a few. Control of important patents for chrome plating is vested with the company and recently a new radio receiving set has been placed on the market, which is reported to have been given a very favorable reception. The company is enabled to maintain operations at a maxium degree of efficiency through ownership of extensive hydro-electric power properties, mines, quarries and numerous other sources of raw materials. In the first nine months of 1928, earnings were equal to $7.16 per share contrasting favorably with $6.64 per share in the same period of 1927 and it is likely that final reports will show earnings closely approximating $11 per share for the full year. Both financial position and earnings would permit an increase in the present dividends but it is likely the management will follow a conservative policy in this respect, utilizing a portion of surplus funds for the purpose of financing present plans for plant expansion. Latest balance sheet of the company revealed a substantial surplus which might conceivably be capitalized at some future date through a stock dividend. We regard the shares as wholly suitable for those investors desirous of employing their funds in sound stock equities having rather definite possibilities for future price appreciation.

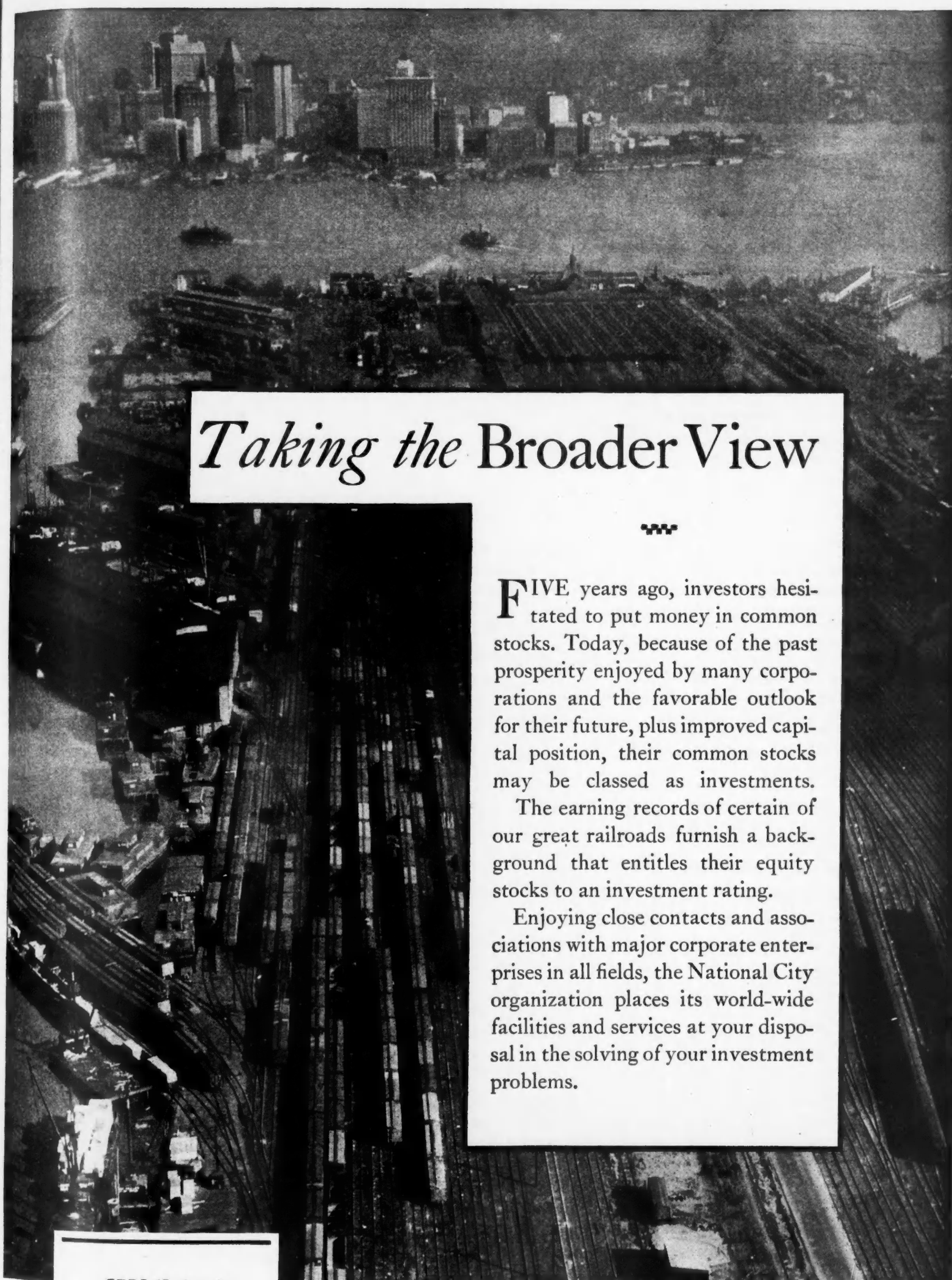
MARLAND OIL—TRANSCONTINENTAL OIL

What is the 1929 outlook for the oil industry? The reports of production continuing at record high figures are discouraging, for I am carrying 300 shares of Marland Oil and 500 shares of Transcontinental. I bought these stocks only recently at 49 and 14 respectively. Would you counsel retention at this time?—S. A. G. Houston, Tex.

In attempting to gauge the 1929 prospects for oil industry, one is confronted with a series of conflicting factors. In the year just past, all prevous records for oil production, consumption and storage were broken and progress and improvement of marked importance was registered in the various other phases of the industry. Of even more importance, particularly in viewing the current outlook, was the spirit of cooperation manifested by important interests within the industry, resulting in curtailed production and restricted exploitation of new areas. The production of gasoline has increased 100% during the past six years but consumption has increased at a much greater pace and at one time last year a shortage of refined gasoline was threatened. Consumption will undoubtedly register further gains in the current year but gasoline accounts for only about 40% of total oil production, whereas fuel and gas oils represent about 50% and it requires considerable improvement in prices of the two latter crude products before complete confidence can be restored in the general situation. Whether or not influential factions will be successful in further restricting production in the current year is problematical and on the whole we feel obliged to urge caution in purchasing oil stocks. Marland Oil, while lacking sufficient integration to cope with an adverse trend in the industry, without suffering a substantial loss in earnings, nevertheless, seems well fortified financially to meet any conditions conceivable at this time without suffering material impairment. The company's importance and strong financial sponsorship would seem to warrant confidence and we would be inclined to

(Please turn to page 607)

When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect



TRADE TENDENCIES

EARLY YEAR PACE ACTIVE

Most Lines Report Confidence and Rising Sales Volume—Commodity Prices Exhibit Firmness

STEEL

Heavy Activity Indicated

THE last report of the U. S. Steel Corporation, revealing a very substantial gain in backlogs during the month of December, justly reflects conditions obtaining in the steel trade at this time. The large volume of bookings accumulated at the end of the year has maintained operations for these first few weeks of 1929 at unusually high levels at a time when producers are normally just beginning to speed up production schedules.

This hangover of activity will no doubt carry on through the first quarter of the year, and with the additional momentum of heavy requirements from busy auto manufacturers, and prosperous railroad companies, it may possibly result in high operating rates well into the second quarterly period.

An analysis of the distribution of

(*Please turn to page* 600)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1928 High	1928 Low	*Last.
Steel (1)	$33.00	$32.00	$33.00
Pig Iron (2)	17.50	15.35	17.50
Copper (3)	0.16	0.14	0.16⅜
Petroleum (4)	2.00	1.03	1.36
Coal (5)	1.85	1.52	1.65
Cotton (6)	0.23⅛	0.17¾	0.20⅛
Wheat (7)	2.22	1.50⅞	1.56¼
Corn (8)	1.27¾	1.02⅛	1.10⅝
Hogs (9)	0.12½	0.07⅝	0.08⅞
Steers (10)	18.35	12.00	17.00
Coffee (11)	0.18¼	0.14¼	0.18
Rubber (12)	0.41	0.17½	0.18⅞
Wool (13)	0.50	0.44	0.45
Tobacco (14)	0.14	0.12	0.14
Sugar (15)	0.04⅝	0.03¾	0.03⅞
Sugar (16)	0.06⅛	0.05⅛	0.05
Paper (17)	0.03¼	0.03⅛	0.03¼
Lumber (18)	25.43	19.96	25.43

*Jan. 12, 1929.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—Operations are proceeding at close to 85 per cent levels, with more strength apparent in new bookings. Prices hold generally firm. Iron furnaces are busy, and have good volume of backlogs. Agitation has been started to achieve an increase in steel and iron tariffs.

METALS—Copper stocks exhibited a small gain, but totals are nevertheless very low. Domestic requirements seem filled through March; foreign needs should bring greater activity into markets soon. Firmness of non-ferrous metal prices indicates maintenance of profits.

PETROLEUM—Usual seasonal drop in gasolene demand has become evident and supplies accumulate proportionally. Prices waver but little. Unduly heavy crude oil output ostensibly constitutes a menace to crude price levels. Kerosene in heavy demand on incidence of cold weather.

TOBACCO—Manufacturers' hopes of surpassing the record total of 106 billion cigarettes produced in 1928 have taken material form in the huge allotment of funds for further intensive advertising. Profits are still curtailed somewhat by competitive prices.

FARM EQUIPMENT—Although bookings are less voluminous now, plant activities continue at undiminished speed in expectation of renewed large-scale business later. Export totals are of substantial proportions and earnings mirror heavy sales results.

SILK—Record total silk consumption obtained in 1928. New spring showings are appearing in quantity, with manufacturers operating at comparatively high rates in preparation for an early Easter season and probable heavy seasonal demands.

CEMENT—Stocks have declined to more reasonable levels from the peak of last April. Further demand is predicated upon increased activity in building lines, which have appeared slightly depressed of late. The problem of overproduction is still apparent however, and upon its control earnings are dependent.

TIRES—Aggregate sales for 1928 were unprecedented. Predictions of large automobile output for this year and comparative stability of crude rubber prices should sustain earnings. Foreign sales are definitely on the upswing, and are of considerable value.

SUMMARY—The usual "first of the year" sluggishness was absent in several lines, while the acceleration required to attain the generally rapid pace of the year-end is being evidenced without difficulty by most trades.

INCOME TAX DEPARTMENT

***Conducted by* M. L. SEIDMAN**

THIS is the fourth of a series of articles by Mr. Seidman on how to prepare income tax returns, that will appear regularly in these columns. Mr. Seidman, of the firm of Seidman & Seidman, Certified Public Accountants, is a well-known tax expert and has written numerous articles on taxation. He will answer all income tax questions that might be directed to him by our readers. Questions should be addressed to Income Tax Department, THE MAGAZINE OF WALL STREET, *42 Broadway, New York, N. Y. All communications must be signed by the inquirer, but no names will be disclosed in published answers.*

IN the preceding article we took up the matter of personal exemptions. We there found that every unmarried person is entitled to an exemption of at least $1,500. If he is the head of a family, he gets a $3,500 exemption. We also noted that the exemption for every married couple is $3,500. We concluded by saying that besides these exemptions, additional amounts were allowed for support of dependents, and we reserved the explanation of this latter phase for the present article.

Exemption for Dependents

The rules governing exemptions for dependents are very simple. A person is allowed $400 for each dependent. The question then is, what is meant by the word "dependent." The definition is given by the law, and under it two requirements are laid down; first—that the dependent be either under the age of eighteen or else incapable of self-support, and second—that the one claiming the exemption must be the chief contributor towards the support of the dependent. Let us go into these requirements a little further.

Take the first one about the age of the dependent or the incapacity for self-support. A parent supporting a nineteen year old son through college could not, under the rule, claim a $400 exemption for support of the son because of the limitation that the dependent cannot be over eighteen. Likewise, a son would not be able to claim exemption for the support of his father if his father was able to earn his own living, even though he was not in fact doing so. However, if because of some mental or physical defect, the dependent is incapable of earning a livelihood, the exemption can be claimed regardless of the age of the dependent.

The second requirement, that of being the chief support, arises where more than one person is a contributor. It is not uncommon, for instance, for several of the children of a family to contribute to the support of a parent. Where that is the case, only the one who is the chief contributor is entitled to claim exemption. If they all contribute equally, none of them can avail themselves of the allowance.

It is not necessary for the dependent in any way to be legally related to the person who claims the exemption. Thus, an individual may support his friend and become entitled to the $400 exemption.

Another point worthy of emphasis is that the $400 applies for *each* dependent. If a son supports a dependent mother and father, he is entitled to $800. If there are five dependents, he is entitled to $2,000, and so on.

Husband and Wife

The way the exemption for dependents works out in the case of the returns of husband and wife is rather interesting. In the first place, neither one is regarded as dependent upon the other. (This is looking ahead to Utopian days.) Therefore, the husband cannot take the $400 allowance for supporting his wife, or vice versa. The $3,500 exemption is supposed to cover that part. However, they can take the exemption for other persons that are their dependents.

When we spoke about the $3,500 allowance, we said that it could be divided between the husband and wife as they deemed best. In the case of the exemption for dependents, however, no such division can be made. The allowance can be deducted only in the return of the one who is the real supporter. Thus, if it is the husband who supports the children, only he is entitled to the exemption. Of course, if he files a joint return with his wife, this point makes no difference. But if separate returns are filed, the exemption cannot be taken by the wife.

Head of Family

In the case of the head of a family, if the individuals being supported are dependents as previously defined, the head of the family is not only entitled to the $3,500 allowance, but also to the exemption for dependents. For example, if a son lives with and supports his parent and his parents are incapable of self-support, his exemption is $3,500 for being head of the family, and $800 for two dependents, or a total of $4,300.

Suppose there is a change in the situation during the year, and a person who was a dependent at one time no longer is one at another, or vice versa. That situation arises very frequently. A child who becomes eighteen during the year, for instance, will furnish an example. Likewise, a child born, say, in December. Also, a parent may become incapacitated during the year.

When we spoke about the exemptions for the single man and the married man, we noticed that if a change took place during the year, the exemption was computed on a pro-rata basis. That is not the case, however, with the exemption for dependents. The rule here is that it is the situation on the last day of the year that controls. Thus, if a child becomes eighteen on December 30, no exemption at all is allowed. On the other hand, if a child is born on that date, the full $400 exemption is permissible.

In other words, the general principles as to the allowance of an exemption for dependents can be condensed into the statement that $400 may be taken for each dependent, and that it is the situation at the end of the year that determines whether or not a person is a dependent.

Thus far in the series we have covered who must file a return and what exemptions persons are allowed. We said that if the income is greater than the exemption, then a tax is due. We are now ready, therefore, to go into the subject of the tax rates and the method of computing the tax to find out how much is due. The next few articles will be devoted to that subject.

A BUSINESS WOMAN'S PLAN FOR FINANCIAL INDEPENDENCE

(*Continued from page* 577)

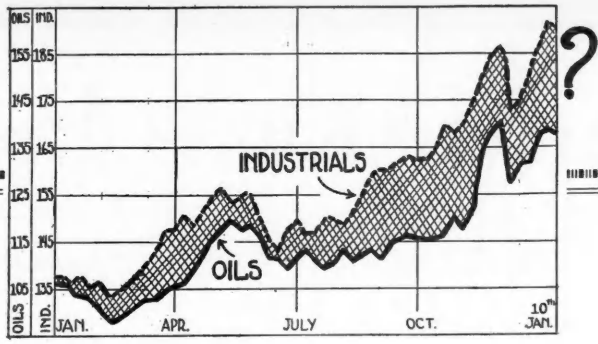
that may take it out of your sight forever. Investing must prove the wisdom of saving.

I began to make a study of investments. I perused the daily and Sunday financial sheets of the more conservative papers. The financial magazines came to my notice, and I found a real interest and helpful suggestions in their articles. The meaning of security ratings became clear to me, and I have improved my holdings by buying grade "A" stocks in the past five years.

It is eleven years since I saved my first thousand. I hope in another eleven to be able to retire from business, or to be at liberty to start a business of my own. Financial independence is my goal.

My ability is in no way above the average, nor has my salary been higher than that of any trained woman in business. My savings have been in small amounts, but consistent.

My advice to the business girl is to spend a little less than you earn. Save that little. If you have dependents certainly take out an insurance, endowment, but not larger than you can afford. Read the financial sheets—seek the advice of a conservative broker—acquire some good securities—one share at a time, if necessary, but not on margin.



what outlook for

Oil Stocks?

On oil stocks, American Securities Service took a very conservative attitude over months past, pointing out heavy over-production of crude and gasoline. Throughout 1928's market—see diagram—oils lagged, while investment funds placed in industrials netted much more generous profits.

However, what's ahead for the oils this year? Oil stocks, for one thing, are admittedly low in price.

Have oil stocks been under persistent accumulation, for a broad advance?

Or will these oils, for good and sufficient reasons within the industry, continue to lag? What should investors holding oil stocks do?

These questions are constructively, yet searchingly, analyzed in our latest oil report. Also these stocks are covered, whether to

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Marland? ***Pure Oil?*** ***Royal Dutch?***
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THE APOGEE OF STRANGE PARTNERSHIPS—SOVIET SOCIALISTS AND AMERICAN CAPITALISTS

(*Continued from page* 551)

the policy of concessions—concessions of about everything in Russia. They must give Russia a rich economic life, even at the price of enriching capitalists, or they must crash. No amount of deceptive propaganda, no quantity of lofty planning, no bombastic rhetoric of proletarianism will finally prevail so long as the Russian people have a communistic state that has little or nothing to divide, except patience. Even the simple Russian masses are coming to demand better standards of living, to think a little more about substance and a little less about conversational achievements.

So, the leaders are ready to truck and trade with foreign capitalists.

The concession policy has been in practice for several years in a piece-meal way. A foreign concern would look around in the Russian storehouse of good things, select something and then apply for the right of exploitation of it. The results of this desultory concession making have not been altogether satisfactory. In some instances, the concessionaires turned out to be mere traders, unproductive middlemen, who got rich but produced no riches. In other instances, they gave up in despair in the face of the impractical conditions imposed upon them by the communists or by the general economic and social conditions of the country. Need was felt of a systematization and standardization of concession practice and a general declaration of basic concession policies that would give the concessionaires superficial assurance at least of a chance to make good.

New Fashions in Concessions

In July, 1928, the Council of Peoples Commissars, the dictators of Russia, adopted a wholesale scheme of concessions. Instead of dickering with promoters as they chanced to come along, it was decided to designate the economic fields in which concessions were to be granted, specify particular concessions within those fields, wrap them up in alluring prospectuses and advertise them to foreign capital. So now, you go to Russia in response to cordial publicity and look over the goods in the concession show windows, study the price tags and the conditions of sale and then buy what you want, perhaps. In general, the Soviet government is prepared to sell the birthright of the Russian people (as our liberals would describe the process, if we were the Russian people) in both the industrial and the non-industrial fields. The broad fields in which concessions are offered are advertised as "transport, manufacturing, mining, electrical construction, forestry, agriculture and land improvement, cotton growing, sugar production, dairying and municipal economy." "Municipal economy" means franchises for public services. Actually, it is proposed to concede public utilities to private capital—and foreign at that. Moreover, concessions are to be not only basic but auxiliary. Particular emphasis is laid on the desirability of selling concessions for working deposits of non-ferrous metals, for developing the metal industries (especially lathe construction), paper, cellulose, automotive, artificial silk, tanning. "Very favorable conditions" are promised in these lines. About one hundred specific concessions have already been worked out and put on the counter—more are on the way.

Utility concessions are offered in the cities of Moscow, Leningrad, Odessa, Kharkov, Tiflis, Kiev, Tashkent, Vladivostok, Novosibirsk, Sverdlovsk, Rostov-on-Don, and almost any other place. What a rich field this might prove to be for American developers can be realized when it is known that a sewer system is a rarity in Russia, that many cities of more than 20,000 people have no general water supply system, only a few gas and electric works and that practically all of them are in need of urban transport systems. It is estimated that these cities need soon plants that will cost about $1,500,000,000. "Satisfactory profits" are promised to any capitalist who will use his objectionable private capital to provide the needed public utilities.

The Russian Storehouse

The natural riches controlled by a people and a group that have neither the technique, the industrial capacity nor the capital to develop them rapidly, may be briefly summarized as follows:

Water power, undeveloped, 65,000,000 horsepower.

Coal reserves, 428,300,000,000 metric tons—6% of the world's reserves.

Peat, 70,395,000 acres—said to be 79% of the world's deposits.

Petroleum, quantity incalculable, but believed to be greater than the reserves of any other country.

Timber, 1,500,000,000 acres of forest, 50% more than the United States and Canada together, and greater than any other nation; promises future domination of lumber, pulp, paper and the great new field of cellulose industries.

Iron ore, enormous quantities—sufficient to last any possible expansion of the Russian iron and steel industries for centuries to come.

Manganese deposits, incalculably great.

Copper, the reserves of the Urals alone are estimated at 25,000,000 tons, as against 40,000,000 in the United States.

Gold, estimated amount in explored deposits, 9,900,000 avoirdupois pounds.

Platinum, close to a world monopoly.

Besides, Russia contains unknown quantities of lead ores, pyrites, graphite, phosphates, chromic ores, sulphur, salt, asphalt, asbestos, mica, zinc and potash.

No nation in the world has more virgin land than Russia, but how much of it may be reclamable for agriculture is uncertain, though it is certainly very large. It is chiefly in Siberia. The total cropped area, out of 9,000,000 square miles of territory is only 300,000,000 acres, as compared with 500,000,000 acres in the United States; although 85% of the Russian people live on the land, and only 30% of the Americans.

Trade Small Now, But Potentially Great

Industrial development potentialities may also be gauged by the fact that the annual wealth production of the entire Soviet realm is less than $20,000,000,000 as compared with close to $100,000,000,000 in the United States. It should also be considered that the Russians are of the white race, broken to civilization, docile and adaptable to industrialization, although still mostly illiterate, and capable of widely varied and intensified wants.

Russia is a new country, industrially. New countries turning to industrialism offer the best fields for exploitation, because they have to be supplied at first not only with consumers goods, but with the equipment of production—plants as well as supplies. No other country in the world is to be compared with the United States as an outfitter of national industry—that has been our big job at home for more than a hundred years. The Russians are in a hurry for their industrial revolution and the United States is the one country that has the men, the money and the equipment with which to do the job quickly.

The fact that the United States, although led only by Germany, now exports to Russia less than $100,000,000 worth of goods yearly, is an indication of what the trade with Russia might grow into—a mere multiplicand to which a large multiplier may be applied. Germany's exports to Russia in 1927-28 were worth $120,000,000, England's $22,000,000, France's $18,000,000. Germany is Russia's leading buyer, England second, little Latvia, third, France fourth and the United States fifth (with only $10,000,000).

When Russia's Population Has Aspirations

The total foreign trade of Russia in 1926-27 was con-

siderably less than that of Canada, imports being about $390,000,000 and exports about $340,000,000. By way of illustrative comparison, the United States exports about $600,000,000 worth of goods annually to Canada, and imports between $400,000,000 and $500,000,000 worth. When the 150,000,000 people of Russia begin to touch the lower limits of Canadian living standards, an enormous expansion of Russian trade will have taken place.

The adoption by the Soviets of the wholesale concessions policy should tend greatly to expand Russian foreign trade, in view of the absolute control, or, rather, complete operation of that trade by the government. The strains, stresses and dangers of competitive trade are avoided and the market is monopolized. The government and the concessionaires become partners in exploiting Russia.

Up to the present, while there has been a vast deal of talk about American concessions in Russia, they have not amounted to much, which is perhaps a sign that they will amount to more in the future. Until the middle of 1928, canny American capital looked upon Russia as an extensive area of commercial fly paper. It sought to get an option on future business by conversational means, whilst waiting until the moujiks got their "leaders" off the bargain counter and produced the real bargains. The fate of the Harriman fly kept most of the American flies from getting their feet glued. Now, however, negotiations are getting down to real transactions. Moreover, the Americans are beginning to believe that the Soviets have gotten pretty well over the period of confiscation, repudiation and general commercial slipperiness.

The General Electric Example

The credit arrangement made by the International General Electric Company last October with the Amtorg Trading Corporation — the buying agency of the Russian government in the United States—will probably be accepted by many American corporations as a signal that Russian deals may now be made with confidence in the integrity of the Soviet government. A significant feature of it is that the Russians agree to settle the claims of the General Electric for confiscated, that is, nationalized, property of the company, for $1,750,000. The company undertakes to give the Russians from $21,000,000 to $26,000,000 worth of goods on an installment plan extending over a period of five years. Cash down payments are to be 25% and the underlying contract as well as all acceptances given for deferred payments are guaranteed by the Soviets State Bank. It is rumored that Henry Ford has made, or is about to make, a similar deal, and there are reports of scores of like projects under way. It is not unlikely that a large part of the electrical development of Russia and the mechanization of Russian agricul-

ture will be attained through American trade and finance.

In connection with the proposed agricultural development, a significant feature is that the Soviets having discovered that land cultivation by peasants in small holdings is wasteful and inefficient and is hardly producing enough to feed the population, whereas there were large exportable surpluses of wheat and other products before the war, are now going in for what Americans used to call bonanza farms, that is, centralized administration of large areas. Great state farms are being organized, a hundred thousand acres or so to the unit. These farms are to be operated with machinery on a vast scale, and Thomas Campbell, the successful Montana wheat king, who runs a farm like a railroad, has been engaged by the Russians to show them how. He has stated that many thousands of gasoline tractors will follow him into Russia. Behind the tractors will move into Russia whole flotilla loads of other American agricultural machinery. Already Russia is the best foreign market for such machinery. Just now, roadless Russia has more tractors than motor cars—which suggests to our automotive industries visions of highway concessions to pave the way for millions of automobiles.

Big American business has little time for piffling retail sales, and the spectacle of a whole nation consolidating its buying and applying big business by ukase is enough to jar loose a lot of prejudices against doing business with communists.

Long-Time Credits and Concessions

It should be noted that the General Electric and similar impending transactions are not concessions in principle, although they may be so in fact; they are nominally credit sales arrangements. It is by extensive long-time credit arrangements that the Germans have obtained the lion's share of the Russian import trade. Probably the inauguration of the practice by American concerns of giving long-time credits will be accompanied by a rapid increase in the number of concessions granted to Americans. In lists of such concessions now available, only eleven are held by Americans, including the W. A. Harriman manganese concessions, which has collapsed ignominiously. Among the other ten are a placer gold mining concession, an agricultural concession in the Caucasus, a pencil, pen, etc., manufacturing concession, an industrial gas manufacturing project, a mineral exploration monopoly in the southern Altai mountains, technical assistance in the iron and steel industry, technical assistance in the coal industry; technical assistance in the Dneiper hydro-electric power development. The technical concessions are practically engineering monopolies and pilot the way for extensive purchases of American goods. For instance, the American engineer, Hugh Cooper, has the Dneiper development (comparable to Muscle Shoals) and his plans and specifications call for American machinery.

The Germans have more concessions from Russia than the nationals of any other country, but there are plenty left for those who want them and have the qualifications. And the qualified candidates are largely Americans. There is a pronounced conviction among American industrialists interested in export trade that Russia offers the United States something like a repetition of the exploitation of its own West in the swirling seventies and eighties. There is a growing eagerness to make it certain that the opportunity will not be lost. There is, in fact, little danger of that, but the Soviet agents overlook no occasion to dwell on the trade promotion advantages of "normal political relations" between the two countries and to hint that the future may not be so promising if Washington does not extend the glad hand to Moscow. Trade is being used as a lever to pry Soviet Russia into American official recognition.

"Normal Political Relations" and Trade

This problem of Russian relations is one that Mr. Hoover will have to deal with. It is no secret that he has about as little respect for communism as he has for irreligion, and that he considers the Russian brand of it one of the most diabolically disastrous economic mishaps in history, however much he may sympathize with it as a republican revolution. Moreover, as a proud American citizen, Hoover revolts at recognizing a government that refuses to recognize debts to the United States, incurred by a previous Russian government as an ally, that has confiscated millions of dollars worth of American property in Russia, and that insists on preaching destructive world revolution everywhere. On the other hand, as an engineer and developer, Hoover should be allured by the prospects of riches that raw Russia holds, with some of which he is personally familiar. None realizes better than he the need of extension of foreign trade. At the same time, he may fear the engulfment of much American capital in what may prove to be a Cossack morass. It is safe to say that if the United States recognizes Soviet Russia during the Hoover administration the Reds will have to settle their past obligations, make up their confiscations and keep their agitators out of the United States.

Diplomatic Relations Important

While political affiliation between the two countries probably has little to do with the ordinary growth of trade between them, it would have an accelerative influence on the concession business. Greedy as they may be for a slice of the Russian pie, many would-be developers do not care to entrust themselves to the mercies of the Commissars without Uncle Sam in the dollar diplomacy background. As it is now the Reds could cancel every American concession in Russia and murder every American citizen in that country without a sound from Washington. Perhaps that is one reason why Washington is not interested in changing the *status quo*. Diplomatic machinery is a handy vehicle of international quarreling, as well as of love-making.

However, the outlook is that the Soviet government will be recognized during the Hoover administration, and that that period will witness a great expansion in the volume of Russo-American trade relations. The most intensely capitalistic nation in the world and the most intensely communistic will then enter into an economic partnership, each winking knowingly at the wide-eyed world.

MARKET FINDS GALLANT ADVERSARY IN FEDERAL RESERVE

(*Continued from page* 547)

Reserve Board is not anxious to encourage or to reopen any opportunity for criticism of its credit policies—especially at this time when hostile senators are looking with fault-finding eyes at all new banking or stock market developments. Happily the board's international policies have been accomplished without — so far — seriously handicapping the progress of the security markets at home. If there was ever any question about it before, it now seems pretty clear that the Reserve Board is not seeking the doubtful prestige of playing the role of the straw that breaks the camel's back.

While the market interests may be encouraged by the friendly gesture of the banking community at the end of the year, the conservative investor will do well not to forget that the gesture might easily have been unfriendly. The fact remains that our credit situation is such that the otherwise "normal" seasonal demands for extra bank credit, now assume the proportion of potential crises. The large outside participation in the call money markets that makes the present huge speculative credits possible, also tend to introduce new factors of irrationality and uncertainty in the money markets. Because it elected to avoid drastic action at the year-end, is no proof that the Reserve Board is satisfied with the present condition of our credit distribution. Perhaps it seeks a more opportune moment to continue its gallant hostility to growing stock market borrowing.

The Next Issue Contains Part I of Our Annual Dividend Forecast For Details See Page 541

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1927 High	Post-War Period 1919-1927 Low	Last Sale 1/16/29	Div'd $ per Share
Atchison	125⅝	90¼	111¼	70	200	91¾	200	10
Do Pfd.	106¾	96	102⅛	75	106¾	72	103	5
Atlantic Coast Line	148½	102½	126	79⅞	268	77	171	‡10
Baltimore & Ohio	122¼	90⅝	96	88¼	125	27⅝	120	6
Dd Pfd.	96	77¼	80	48¼	83	38½	†79⅛	..
B'klyn-Man. Transit	..	..	..	..	77⅞	9¼	75¼	4
Do Pfd.	..	..	..	..	89¾	31⅜	†90	..
Canadian Pacific	283	165	220⅛	126	219	101	239¼	10
Chesapeake & Ohio	92	51⅛	71	35⅝	218½	46	215½	10
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	3¼	35¼	..
Do Pfd.	181	130½	143	62½	76	7	58¾	..
Chi. & Northwestern	198½	123	136⅞	35	105	45⅞	88	4
Chicago, R. I. & Pacific	..	..	45¾	16	116	19⅛	131⅞	6
Do 7% Pfd.	..	..	94¾	44	111¾	64	†107	7
Do 6% Pfd.	..	..	80	35¾	104	54	101	6
Delaware & Hudson	200	147½	159½	87	230	83¼	196	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	127	7
Erie	61¼	33½	59½	18¾	69¾	7	68	..
Do 1st Pfd.	49¾	26¼	54¾	15⅛	66¼	11⅛	62	..
Do 2nd Pfd.	89⅛	19½	45⅝	13⅛	64½	7⅛	†57¼	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	103⅞	50⅝	108	5
Hudson & Manhattan	..	..	..	..	65⅞	20⅝	55	2½
Illinois Central	162⅛	102¾	115	85¾	139⅜	80⅞	†141	..
Interborough Rap. Transit	..	..	..	..	53¾	9½	53⅛	..
Kansas City Southern	50¼	21⅜	35⅛	13½	70½	13½	95⅜	..
Do Pfd.	75½	56	65½	40	73½	40	†69	..
Lehigh Valley	121¼	62½	87⅛	50⅜	137½	39⅛	98¼	3½
Louisville & Nashville	170	121	141⅞	103	159⅛	84¾	146	7
Mo., Kansas & Texas	*51⅛	*17½	*24	*3⅛	56½	*¾	51⅛	..
Do Pfd.	*78¼	*46	*60	*6½	109½	*2	103⅝	7
Missouri Pacific	*77½	*21½	38⅛	19⅞	62	8¼	64½	..
Do Pfd.	..	..	64⅞	37½	118⅝	22¼	124⅞	5
N. Y. Central	147¾	90⅜	114¼	62½	171½	64⅛	189¾	8
N. Y., Chi. & St. Louis	109¾	90	90¾	55	204½	23¾	136¼	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21⅛	63⅜	9⅝	84¼	4
N. Y., Ontario & W.	55⅜	25⅛	35	17	41¾	14¼	28⅛	..
Norfolk & Western	119¼	84¼	147⅛	92⅝	202	84¼	915¾	‡10
Northern Pacific	150½	101¾	118⅞	75	102⅛	47⅞	107¼	5
Pennsylvania	75⅝	53	61½	40¼	68	32¼	79⅞	3½
Pere Marquette	*36⅛	*15	38⅛	9½	140¾	12⅛	†160	..
Pittsburgh & W. Va.	..	..	40⅜	17¾	174	21⅛	†142⅛	..
Reading	89⅝	59	115½	60⅛	123¾	51⅞	106½	‡4
Do 1st Pfd.	46¾	41¼	46	34	61	32⅞	†42	..
Do 2nd Pfd.	58¾	42	52	33¾	*65	32⅛	†46	..
St. Louis-San Fran.	*74	*13	50½	21	117¼	10¾	116	‡8
St. Louis-Southwestern	40⅜	18½	32⅛	11	93	10⅞	106½	..
Seaboard Air Line	27½	13¼	22⅜	7	54¼	2⅛	20½	..
Do Pfd.	56⅛	23½	58	15⅛	51½	3	22¾	..
Southern Pacific	139⅛	83	110	75¾	126⅞	67½	129½	6
Southern Railway	34	18	36¾	12½	149	24¾	154⅛	8
Do Pfd.	86⅞	43	85¼	42	101⅛	42	99	5
Texas & Pacific	40½	10¼	29½	6½	103⅞	14	168	5
Union Pacific	219	137¾	164⅜	101¼	197¾	110	218	10
Do Pfd.	118½	79¾	86	69	85½	6¼	†83¼	..
Wabash	*27⅞	*2	17⅛	7	81	6	74	..
Do Pfd. A	*61¾	*6⅛	60½	30⅞	101	17	†96	..
Do Pfd. B	..	..	32⅞	18	98	12¼	†83	..
Western Maryland	*56	*50	23	9¼	67⅞	8	42½	..
Do 2nd Pfd.	*88¼	*53½	*58	20	67½	11	43⅛	..
Western Pacific	..	..	25½	11	47½	12	36	..
Do Pfd.	..	..	64	35	86½	51½	†58⅜	..

INDUSTRIALS

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1927 High	Post-War Period 1919-1927 Low	Last Sale 1/16/29	Div'd $ per Share
Adams Express	270	90	154½	42	210	22	389½	6
Ajax Rubber	..	..	89⅛	45⅛	113	4¼	10⅜	..
Allied Chem. & Dye	..	..	..	..	169¼	34	279	6
Do Pfd.	..	..	..	..	124	83	†122	..
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	118¾	26½	185	7
Am. Agric. Chem.	63⅝	33½	106	47¾	113¾	7⅛	22	..
Do Pfd.	105	90	103½	89⅛	103	18	70	..
Am. Beet Sugar	77	19¾	108½	19	103¾	15⅛	19	..
Am. Bosch Magneto	..	..	..	..	143⅞	13	44⅜	..
Am. Can	47⅜	6⅞	63½	19¼	*344½	*21¾	114½	‡4
Do Pfd.	129¼	98	114½	80	141¾	72	141½	7
Am. Car & Foundry	76½	36⅛	98	40	*201	97⅛	100½	6
Do Pfd.	124¾	107½	119½	100	134¾	105¾	†118	..
Am. Express	300	94¾	140½	77½	183	76½	289	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	9¼	..
Do Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	35¾	..
Am. Ice	..	..	49	8⅞	*139	25¾	38½	‡2½
Am. International	..	..	62¾	12	132¼	17	145	..
Am. Locomotive	74¾	19	98¼	46⅝	144⅞	58	110	8
Do Pfd.	122	75	109	93	127	96½	†116	..
Am. Metal	..	..	..	..	67⅜	36⅛	70½	3
Am. Radiator	*500	*200	*445	*235	*345	64	204	5
Am. Safety Razor	..	..	..	..	76¾	*3½	71⅛	‡5
Am. Ship & Commerce	..	..	..	..	47½	2½	3⅞	..
Am. Smelt. & Ref.	105½	56⅝	123¾	50¼	183¾	20¼	97	4
Do Pfd.	74½	24⅛	95	44	133	18	137	7
Am. Steel Foundries	116¾	98¼	118⅞	97	122⅜	41½	73	3
Do Pfd.	..	..	..	..	115	78	112¾	7

Price Range of Active Stocks

INDUSTRIALS—(Continued)

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1927 High	Post-War Period 1919-1927 Low	Last Sale 1/16/29	Div'd $ per Share
Am. Sugar Refining	136⅜	99⅞	126½	89⅛	143⅜	36	90	..
Do Pfd.	133½	110	123½	106	119	67½	107¾	7
Am. Tel. & Tel.	153⅜	101	134½	90⅝	185½	92⅛	199½	9
Am. Tobacco	*530	*200	*256	*123	*143½	82½	177½	8
Do Com. B	..	..	..	..	*210	81¼	178¾	8
Am. Water Works & Elec	..	..	..	..	*144	*4	73½	**1
Am. Woolen	40⅝	15	60⅞	18	169½	16½	25⅝	..
Do Pfd.	107¾	74	102	72½	111⅞	46⅞	56	..
Anaconda Copper	54⅜	27½	105⅜	24¼	77⅞	28½	118⅝	6
Associated Dry Goods	..	..	28	10	140½	39½	66	2½
Do 1st Pfd.	..	..	75	50½	112	49⅞	107	6
Do 2nd Pfd.	..	..	49½	35	114	38	†109	..
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	40¼	..
Do Pfd.	32	10	74¾	9⅞	76½	6¾	†51	..
Atlantic Refining	..	..	..	..	*1575	78½	61½	1
Austin Nichols	..	..	..	..	40⅜	4¼	8⅝	..
Do Pfd.	..	..	..	..	95	23½	†4½	..
Baldwin Locomotive	60¾	36½	154½	26⅝	265¾	62¼	†230	7
Do Pfd.	107½	100¼	114	90	125¼	92	116¾	..
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37	85¾	..
Do 7% Pfd.	80	47	186	68	108	78	122	7
Brooklyn Edison Electric	134	123	131	87	225	82	†310	..
Brooklyn Union Gas	164½	118	138¾	78	157½	41	183	5
Burns Brothers	45	41	161½	50	147	76	120½	8
Do B	..	..	..	..	53	16¼	34	..
Butte & Superior	..	..	105¼	12¼	37⅞	6½	†10¼	..
California Packing	..	..	50	30	*179½	48¼	76¼	4
California Petroleum	72½	16	42⅝	8	*71⅞	15⅜	†27	..
Cerro de Pasco Copper	..	..	55	25	73½	23	102⅝	5
Chile Copper	..	..	39¼	11¼	44⅜	7	76⅛	3
Chrysler Corp.	..	..	..	..	*253	38½	121⅛	3
Coca Cola	..	..	..	..	177¾	18	172⅜	6
Colorado Fuel & Iron	53	22½	66½	20½	96⅜	20	72⅞	..
Columbia Gas & Elec	..	..	54⅛	14¼	*114⅞	30¼	145¾	5
Congoleum-Nairn	..	..	..	*184⅜	*184⅜	12½	29⅝	..
Consolidated Cigar	..	..	..	..	87¼	11⅜	95	7
Consolidated Gas	*165¼	*114½	*150½	*112½	*145¾	56¾	108⅜	3
Continental Can	..	..	*127	*37½	*131¾	34⅜	60⅞	2½
Corn Products Refining	26½	7⅜	50½	7	*160½	21½	87⅛	‡3½
Do Pfd.	98½	61	113½	58⅛	142¼	96	144	7
Crucible Steel	19⅝	6½	109⅞	12¼	*278½	48	91	5
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	4⅞	5	..
Do Pfd.	..	..	100½	77¼	87	13⅛	17½	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	16⅞	1
Cuyamel Fruit	..	..	..	..	74½	30	70⅛	..
Davison Chemical	..	..	..	..	81¼	20⅜	63½	..
Dupont de Nemours	..	..	..	..	*360	105	502	10
Eastman Kodak	*No Sales		*605	*690	*690	70	183½	‡8
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	85⅜	5
Endicott-Johnson	..	..	..	..	150	44	79⅜	5
Do Pfd.	..	..	..	..	125	84	†120	..
Fisk Rubber	..	..	..	..	55	5⅛	17⅞	..
Do 1st Pfd.	..	..	..	..	116½	38⅛	70½	..
Fleischmann Co.	..	..	..	..	*171½	46⅛	79½	‡3½
Foundation Co.	..	..	..	..	183¾	35½	†48	..
Freeport-Texas	..	..	70½	25¾	106½	7½	50½	4
General Asphalt	42⅞	15½	39⅜	14¼	160	28	77	..
General Cigar	..	..	..	..	*115¼	46	66¼	‖4
General Electric	188½	129¾	187¼	118	*386½	81	236¼	‡6
General Motors	*51¾	*25	*850	*74½	*282	*8⅛	196¼	5
Do 7% Pfd.	..	..	..	125¾	125¾	95⅛	125¼	7
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	96½	17	101⅛	4
Do Pfd.	109¾	73⅜	116¾	79⅞	111½	62½	114½	7
Goodyear T. & R.	..	..	..	..	72½	5	132¼	..
Do Pfd.	..	..	..	..	99⅛	92½	103⅜	7
Granby Consolidated	78¼	26	120	58	80	12	86	6
Great Northern Ore Ctfs.	88½	25½	50⅜	22½	52¾	18	29¾	2¾
Gulf States Steel	..	..	137	58¾	104⅝	25	70½	4
Houston Oil	25½	8	86	10	175¾	40½	92	..
Hudson Motor Car	..	..	..	..	139½	19½	85½	5
Hupp Motor Car	..	..	11	2½	36¼	4⅝	79	‡2
Inland Steel	..	..	..	..	62⅜	31⅛	85⅞	‡6¾
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	20¾	43¾	3
Inter. Business Mach.	..	..	52⅝	24	*176¼	28¾	150	5
Inter Combustion Eng.	..	..	..	..	69½	19⅝	77⅝	2
Inter. Harvester	..	..	121	104	225⅝	66¾	94¾	2½
Inter. Mercl. Marine	9	2⅛	50⅝	⅝	67¾	3½	6½	..
Do Pfd.	27⅝	12⅛	125⅝	8	128½	18½	37⅞	..
Inter. Nickel	*227¼	*135	57½	24½	89½	24¼	56¼	..
Inter Paper	19¾	6½	75½	9½	91¾	27⅞	58	2.40
Kelly-Springfield Tire	..	..	85	36⅞	164	9	23¼	..
Do 8% Pfd.	..	..	101	72	110	33	93	..
Kennecott Copper	..	..	64¼	25	90⅜	14⅝	153	8
Kinney (G. R.) Co.	..	..	..	..	103	19¾	57	‡2
Lima Locomotive	..	..	..	..	76⅜	49	†49⅛	..
Loew's Inc.	..	..	..	..	63⅞	10	73	‡3
Loft, Inc.	..	..	..	..	28	5	8	..
Lorillard (P.) Co.	*215¼	*150	*239⅞	*144½	*245	23½	26⅞	..
Mack Trucks	..	..	..	..	242	25½	105	6
Magma Copper	..	..	..	..	58¾	26⅛	66½	4
Mallinson & Co.	..	..	..	..	45	8	38⅛	..
Maracaibo Oil Explor.	..	..	..	..	37½	12	16½	..
Marland Oil	..	..	..	..	63⅜	12⅛	42⅞	..
May Department Stores	*88	*65	*97½	*35	*174¾	*60	101	4
Mexican Seaboard Oil	..	..	..	..	34½	3	58½	..
Miami Copper	30¼	12¾	49¾	16⅛	32¾	8	32¼	2
Montgomery Ward	..	..	..	..	123⅛	12	140	..
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	191	‡7
National Dairy Prod.	..	..	..	..	81⅞	30⅛	129⅝	**3
National Enam. & Stamp.	30¼	9	54½	9	89½	18⅛	58	1
National Lead	91	42½	74⅝	44	*202¾	63½	152	5
N. Y. Air Brake	98	45	136	55⅞	*145¾	26⅝	44¼	3

Please turn to next page

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS—(Continued)

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1927 High	Post-War Period 1919-1927 Low	Last Sale 1/16/29	Div'd $ per Share
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	51	..
North American	*87⅞	*60	*81	*38⅞	*119½	17½	92	§10%
Do Pfd.	..	..	..	..	55	31⅞	52¼	3
Packard Motor Car	..	..	..	..	62	9⅞	141	3
Pan.Am. Pet. & Trans.	..	..	70¾	35	140¼	38⅛	48	..
Do Class B	..	..	..	..	111¾	34⅛	49¼	..
Param't-Fam. Players Lasky	..	..	..	..	127½	40	58⅜	3
Philadelphia Co.	59	37	48⅞	21⅛	153½	26½	†165	..
Phila. & Reading C. & I.	..	..	..	..	54¼	34½	32	..
Phillips Petroleum	..	..	..	..	69⅝	16	42⅜	1½
Pierce-Arrow	..	..	65	25	99	6⅛	34	..
Do Pfd.	..	..	109	88	127¼	13½	82½	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	29	74⅞	..
Postum Co.	..	..	..	..	*134	*47	75½	3
Pressed Steel Car	56	18½	88	17¼	113¾	34⅛	22¾	..
Do Pfd.	112	88½	109⅛	69	106	67	77	7
Pub. Serv. N. J.	..	..	..	..	*98⅞	*29	87½	2
Pullman, Inc.	200	149	177	106½	199½	*87¼	87½	4
Punta Alegre Sugar	..	..	51	29	120	24¾	20	..
Pure Oil	..	..	143⅞	81⅞	61⅞	16¼	26⅛	1
Radio Corp. of America	..	..	..	..	101	25⅞	352¼	..
Republic Iron & Steel	49½	15¾	96	18	145	40⅛	83⅛	4
Do Pfd.	111¼	64½	112⅝	72	106¾	74	109½	7
Royal Dutch N. Y.	..	..	85	56	123⅜	40⅜	54	..
Savage Arms	..	..	119¾	39⅞	108⅜	8⅞	47	2
Schulte Retail Stores	..	..	..	..	*134⅞	47	37¾	**3½
Sears, Roebuck & Co.	*124¾	*101	*233	*120	*243	51	169	**2½
Shell Trans. & Trading	..	..	..	..	90¼	29½	†55	
Shell Union Oil	..	..	..	..	31¾	12⅛	28⅜	1.40
Simmons Company	..	..	..	..	64¾	22	97	3
Simms Petroleum	..	..	..	..	28½	6½	22¼	1.60
Sinclair Consol. Oil	..	..	67⅛	25¼	64⅛	15	41	
Skelly Oil	..	..	..	..	37⅛	8⅝	34⅞	2
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19½	148½	32⅛	121½	6
Standard Oil of Calif.	..	..	..	..	*135	47½	70¼	‡2
Standard Oil of N. J.	*488	*322	*800	*355	*212	30⅞	52	‡1½
Stewart-Warner Speed.	..	..	*100½	*43	*181	21	139	6
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	53¼	
Studebaker Company	49½	15¾	195	20	*151	30½	87⅞	5
Do Pfd.	98⅛	64½	119⅛	70	125	76	†124⅝	
Tennessee Cop. & Chem.	..	..	21	11	17¼	6¼	17¾	1
Texas Company	144	74½	243	112	58	29	65	3
Texas Gulf Sulphur	..	..	..	..	*184	32⅝	77⅝	4
Tex. & Pac. Coal & Oil	..	..	..	..	*275	12	17⅝	‡2½
Tide Water Oil	..	..	225	165	*195	5½	36¾	.80
Timken Roller Bearing	..	..	..	..	142½	28½	79¼	
Tobacco Products	145	100	82⅜	25	117⅝	45	98½	6
Do Class A	..	..	..	..	123⅞	76	†110	
Transcontinental Oil	..	..	..	..	62⅝	1¼	11¼	
Union Oil of Calif.	..	..	..	..	58⅜	33	49½	2
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	25	1
United Fruit	208½	126½	175	105	*294	95¾	140½	‡5½
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7¾	250	10½	45⅞	2
Do Pfd.	84	40	67½	30	125	38	18½	1.20
U. S. Indus Alcohol	57¼	24	171½	15	167	35½	129½	6
U. S. Realty & Imp.	87	49¾	63¾	8	*184½	17	81⅜	4
U. S. Rubber	59½	27	80½	44	143¾	22½	53½	
Do 1st Pfd.	123½	98	115⅛	91	119⅛	66½	92	
U. S. Smelt., Ref. & M'n.	59	30¾	81½	20	78¼	18⅜	67	3½
U. S. Steel	94⅞	41¼	136⅝	38	160½	70¼	171⅞	7
Do Pfd.	131	102½	123	102	141¼	104	141⅜	7
Vanadium Corp.	..	..	..	..	97	19⅛	108¾	‡4
Western Union	86¼	56	105⅛	53⅝	176	76	196	8
Westinghouse Air Brake	141	132⅛	143	95	*198	40	47½	2
Westinghouse E. & M.	45	24¾	74⅞	32	94¾	38⅞	140⅝	4
White Eagle Oil	..	..	..	..	34	20	34⅞	2
White Motors	..	..	60	30	104½	29¼	47¼	1
Willys-Overland	*75	*50	*325	15	40¼	4½	32⅛	**1.20
Do Pfd.	..	..	100	69	123⅞	23	101	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	12⅛	
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81½	*345	72½	208⅛	6
Worthington Pump	..	..	69	23⅛	117	19	58½	
Do Pfd. A	..	..	100	85⅞	98½	44	91	
Do Pfd. B	..	..	78¾	50	81	37	80	
Youngstown Sh. & Tube	..	..	..	..	100⅛	59¾	113	5

† Bid price. ‡ Not including extras. § In stock. * Old stock. ‡ Partly extra. ** Plus stock dividend. ‖ Payable when earned.

Securities and Commodities Analyzed, Rated and Mentioned in This Issue.

INDUSTRIALS

BONDS

COMMODITIES

RAILROADS

MINING

PUBLIC UTILITIES

PETROLEUM

INSURANCE DEPARTMENT

(*Continued from page* 581)

ment at age 65 will give protection to dependents over a long period, and if you live to maturity you will yourself receive the proceeds—this at an age, 65, when such an amount would be peculiarly welcome.

We would suggest that you increase your coverage by another $5,000 in the 25 Payment Life plan, under which premiums would be payable to your 63rd year—if you live to that age, when you would have a paid-up policy for the protection of your beneficiary for the face amount. If you feel you can afford the higher premium, you can of course take this also on the Endowment at 65.

Bonds Called for Redemption

Company		Maturity	Amount	Price	Redemption Date
Amer. Sugar Ref. 15-yr.	6%	1937	$5,000,000	104	Jan., 1929
Anaconda Copper Min. cons. A mtgs.	6%	1953	$598,000	105	Feb., 1929
Andes Copper Min. conv. deb.	7%	1943	$39,890,000	110	Jan., 1929
Argentine Nation S/F	6%	1961	$138,000	100	Feb., 1929
Atlas Crucible Steel 1st 8% (now 6's).	...	1931	$1,560,000	103	Jan., 1929
Baltimore Brick 1st	5%	1943	$228,000	110	Jan., 1929
Barnsdall Corp. 15-yr. S/F deb.	6%	1940	$21,155,000	V.P.	Feb., 1929
Belgium (King. of) ext.	6%	1955	$1,592,000	100	Jan., 1929
Boeing Airplane gtd. notes	6%	1929–34	$600,000	V.P.	Jan., 1929
Boston Cape Cod & N. Y. Canal 1st	5%	1960	$6,000,000	100	Jan., 1929
Computing Tab. & Rec.	6%	1941	$1,000,000	N.S.	Jan., 1929
Cuba (Republic) ext. 30-yr. of 1/26/23	5½%	1953	$1,409,000	100	Jan., 1929
East Coast Utilities	5%	1929	$650,000	100	Jan., 1929
Famous Biscuit deb.	7%	1935	E.I.	102½	Feb., 1929
Federal Pub. Ser. 1-yr. notes	6%	1929	$428,000	101	Jan., 1929
Federal Water Service conv. deb.	5½%	1957	$12,500,000	105	Jan., 1929
Georgia-Carolina Elec. 1st notes	6%	1929	$1,847,000	100	Feb., 1929
Gt. Northern Ry. eq. tr. nts.	6%	1930–35	$2,004,000	103	Jan., 1929
Illinois Glass deb.	6%	1933	$148,000	101	Jan., 1929
Indiana Lt. & Pr. 1st L. Coll. Tr. Ser. A	6%	1942	E.I.	105	Jan., 1929
Interstate Utilities 1st	6%	1939	$944.000	105	May, 1929
Kansas City Gas 1st	5%	1946	$18,000	103	Feb., 1929
Liquid Carbonic 1st cv.	6%	1941	$3,942,000	105	Jan., 1929
Ludlum Steel 1st mtge. ser. A	7%	1943	$1,088,000	107½	Feb., 1929
Mid-Continent Pet. 1st mtg.	6½%	1940	$9,200,000	105	Mar., 1929
Montgomery-Ward prop. 1's gold A	5%	1946	$5,577,000	N.S.	May, 1929
Mortgage Security Corp. of Amer. R. E. notes	6%	....	V.N.	V.P.	Jan., 1929
Mtge. Guar. Co. of Amer. 1st mtge. part. ctf. ser. A	...	1925	V.B.	102	Jan., 1929
New York Tel. 30-yr. S. F. Deb.	6%	1949	$276,000	110	Feb., 1929
Norwalk T. & R. 3-yr. S/F	7%	1931	$50,000	102½	Jan., 1929
Ohio Northern Pub. Ser. 1st ref.	6%	1942	E.I.	101	Jan., 1929
Pan American Pet. & Trans. 10-yr. conv. S/F	6%	1934	$287,000	103	Feb., 1929
Penna. Tank Line Eq. Tr. Ser. U	6%	1929–31	E.I.	101	Feb., 1929
Richfield Oil Co. 1st & coll. tr. ser. A conv.	6%	1941	$339,000	102½	Feb., 1929
Spanish River Pulp & Paper mtge. ln. notes	6%	1929	$493,000	102	Mar., 1929
Utah Lt. & Power pr. 1	5%	1930	$746,000	100	Jan., 1929
Westinghouse Elec. & Mfg. 20-yr.	5%	1946	$30,000,000	105	Mar., 1929

V.B.—Various bonds. V.P.—Various prices. N.S.—Not stated. E.I.—Entire issue. V.N.—Various notes.

WHAT 17 CENT COPPER WILL MEAN TO THE INDUSTRY

(*Continued from page 557*)

purchaser of any type of copper securities.

Vertical Groupings

The copper industry has benefited materially from a tying-in of the interests of producer and fabricator. Such a development is often referred to as vertical grouping, as contrasted with the horizontal combination which takes place when producers consolidate. The first step taken in this direction was the acquisition by Anaconda of the American Brass Company in 1922. Anaconda already operated an important rod and wire mill at Great Falls, Montana, and its taking over of American Brass placed it in an important position in the fabricating end of the copper industry, as well as in the producing end.

The great advantage enjoyed by Anaconda was soon recognized by other interests in the industry, and a movement to vertical group has assumed considerable proportions in the past two years. The merger of a number of makers of copper wire, rods and sheets occurred in 1926 in the formation of General Cable. A Baltimore mill of the American Smelting & Refining Company constituted one unit of this merger, and in exchange for this mill it is understood that American Smelting received a 20% interest in General Cable. During the past year another important merger took place in the formation of Republic Brass.

This joining together of important producing and fabricating interests has given to the leaders in the industry a broader outlook on the industry's problems. Where opposition was invariably met before, because the fabricators naturally wanted to obtain copper at a low price whereas the producers wanted to sell at a high price, there is now a mutual understanding of each other's problems. These two ends of what essentially is one large industry can now work together more harmoniously, and when difficulties arise in one side the other often is able to assist materially.

Export Association

The Copper Export Association, formed in July, 1926, has been so successful that it has served more than once as a model to which other associations, in the process of formation, have looked for guidance. Prior to its formation foreign buyers were frequently able to play sellers on this side of the Atlantic against one another, thereby obtaining unwarrantedly low prices for the copper they bought. The situation amounted often to one large group of foreign buyers, acting as an effective unit, bargaining with a number of separated American sellers. The results of such a situation were disastrous to the sellers. The Copper Export Association brought about a change in the picture, uniting the American sellers into a strong, centralized organization.

The success of the Copper Export Association was instrumental in the early formation of the Copper Institute, formed in November, 1927. This is a trade association aimed at mutual helpfulness, the working out of trade problems, and the stimulation of the consumption of copper by the opening up of new sources of demand. The Copper Institute, too, has been extraordinarily successful. It has been responsible for much of the increased domestic consumption of the metal, since it has introduced many new uses for copper.

Outlook for Prices

The industrial situation in copper appears to be the best in many years, if not the best in the history of the industry. Above all, the consumption of copper metal continues to increase and there is little expectation that it will not continue to do so. Vast electrical projects, extensions of all forms of wire communications, development of radio, railroad electrifications, the introduction of copper to new uses in various lines of trade, the rehabilitation of Europe, all these have had important effects in strengthening the copper situation, and there appears to be every indication that demand from these sources will continue to expand.

With such a healthy fundamental situation it is difficult to see how the price of copper will go below 16 cents a pound in 1929. As mentioned previously, the only contingency which can be foreseen which would send copper metal below 16 cents this year is a serious recession in general business, either in this country or in Europe. The prospects, however, of such an unhappy occurrence are small, for our great business leaders have the utmost confidence in the commercial outlook for the year ahead.

Indicative of the fundamentally sound situation in the industry was the warning issued by producers when copper reached 16 cents, that if buyers did not cease their buying tactics, by which they hoped to protect themselves against further advances in the metal, the price might get out of bounds. The real desire of producers to maintain a fair price level, not permitting prices to soar to unwarranted levels, was evident in this warning. It was very different from the attitude exhibited by producers in years past when a sharp run-up in the price of the metal, even though they knew it could be only temporary, was welcomed. As long as the producers remain as solicitous of the buyers' position as was exhibited by the issuance of the warning, the situation in the industry is likely to remain healthy, and prices are likely to be stabilized around current levels.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

STANDARD OIL ISSUES

We have available for distribution descriptive circular on all the Standard Oil issues. (219).

THE PARTIAL PAYMENT

method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224).

ODD LOTS

A well-known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

A SUGGESTION TO INVESTORS

This booklet explains in detail the features of Odd-lot investing. If interested, the prominent New York Stock Exchange firm issuing this booklet will be pleased to send you a complimentary copy. (278).

BOND RECORD

A convenient record book for listing bond holdings, interest payments, profits, etc. Title heading of book, "My Investments." A limited number is being distributed gratis by a leading Bond House. (285).

THE BACHE REVIEW

By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290).

LET YOUR SAVINGS EARN 6%

Place your funds in the shares of this old-established Building & Loan Association, paying 6% and operating under the supervision of the New York State Banking Department. Funds available at any time. Send for interesting booklet. (293).

THE KNACK OF CORRALLING DOLLARS

This 48-page booklet issued by the Prudence Company will show you a proved way of getting and making it grow, that has enabled thousands of men and women to enjoy rich, all-around success and genuine happiness through achieving financial independence. (316).

FOR INCOME BUILDERS

This booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent, independent income may be built through the systematic investing of small sums set aside from current earnings. (318).

HOW TO BUILD AN INDEPENDENT INCOME

is the title of a new booklet issued by a prominent first mortgage real estate bond house having a record of 55 years of investment service. This booklet explains conclusively how people of moderate means may obtain financial prosperity. (326).

SUCCESSFUL REAL ESTATE FINANCING

A booklet describing the modern capital structure in real estate financing with definite outstanding examples indicating the new trend in this field. (327).

SCOPE AND SERVICE

This new booklet gives a descriptive and historical sketch of one of the largest public utility companies in the country now responsible for public service in more than 1,000 communities. (362).

THE REAL ESTATE INVESTMENT OF THE FUTURE

Mr. Fred F. French, one of the country's foremost real estate authorities, has explained the operation of the French Plan in the above mentioned book. Send for your free copy. (348).

WHY WE CHOSE ATLANTA

See what Atlanta can mean to your business. Send for this free booklet giving the experience of more than 600 concerns now in Atlanta. (363).

MAKING PROFITS IN SECURITIES

Are you profiting by the major and also the minor swings of the market? If not, you will be interested in the above booklet issued by a leading financial service in New York City. (377).

THE STORY OF INSURANSHARES TRUST CERTIFICATES

This booklet, issued by an investment trust house issuing securities backed by the shares of prominent insurance companies only, will be forwarded to you without charge. (396).

PORT OF NEWARK

This booklet gives a most comprehensive description, not only of the Port of Newark, but also of the trading territory immediately adjacent to it. It is well worth reading for the information it contains. (410).

CONSISTENT INVESTMENT SUCCESS

The sound investment principles followed by the Brookmire Service and the adaptability of these principles to the requirements of every investor, large or small, is described briefly in this interesting booklet. (413).

A 7% YIELD FROM FIRST MORTGAGES

on individual homes that do not exceed 50% of valuation is fully explained in a very attractive booklet—also how one may double his investment with absolute safety of principal in 10 years, 26 days. (415).

MAKING MONEY IN STOCKS

If you are interested in the stock market you will enjoy reading the recent book published by the Investment Research Bureau. It describes in detail the Bureau's Financial Service, and will be mailed to you free upon request together with current stock market and special reports. (425).

INVESTMENT TRUST POCKET MANUAL

showing par values, dividend rates, dates payable, market ranges, 1927 to 1928, on 150 active investment trust securities, and other valuable data, is being offered free by a concern specializing in Investment Trust Securities. (429).

8% NON-TAXABLE INVESTMENTS

A Texas Building & Loan Association, under state supervision, is issuing shares, principal and interest secured by first mortgages on homes not to exceed 60% of valuation. (431).

WHEN EXPERTS DISAGREE

The Weighted Average used by a leading financial service is bound to give you the true conditions of the market. If interested in the market, you will want to receive your free copy of the above mentioned booklet. (435).

INVESTORS' GUIDE

This booklet will lead you to complete investment satisfaction and service wherever you live. Write today for your free copy issued by one of the oldest first mortgage real estate houses. (438).

THE INVESTMENT TRUST

This interesting booklet traces the history of Investment Trusts—the financial institution which renders a valuable service to investors. (440).

OUR BUSINESS

The National Cash Credit Corporation have prepared this interesting booklet for free distribution. A copy may be had by addressing (449).

THE APPLICATION OF REAL ESTATE KNOWLEDGE TO REAL ESTATE BONDS

This beautiful booklet, issued by a well-known Chicago first mortgage real estate bond house, explains just what is behind their first mortgage bonds in an interesting way. Why not send today for your free copy? (455).

WHAT BONDS SHALL I BUY?

As a guide to investors, this book is well worth reading. Send today for your free copy. No obligation—just ask for 460.

INSTALLMENT SHARES

of a reliable B. & L. Association in Colorado that earn 8% if carried to maturity—their advantages and why—are explained in an interesting booklet. (467).

BANK AND INSURANCE STOCKS

Investors in Greater New York who are interested in this type of security will be sent booklet without obligation by one of the leading specialists in bank and insurance stocks. (475).

CREDIT SERVICE, INC.

The investment features of the 6% Gold Debenture Bonds issued by this Financial Institution will be found in an interesting folder, a complimentary copy of which will be gladly sent to you. (479).

WEEKLY MARKET LETTER

You should keep abreast of the happenings in the security market. A prominent Stock Exchange house will be glad to send you their weekly market letter, full of timely investment advice and suggestions. (484).

"THE GUARANTEED WAY TO FINANCIAL INDEPENDENCE"

Issued by a prominent first mortgage real estate bond house, will give you a wealth of information on acquiring wealth safely. (485).

HOW TO INVEST MONEY

is the title of a new booklet published by S. W. Straus & Co. It describes various types of securities and is a valuable guide to every investor. A copy will be sent free on request. (489).

WRITE NOW

You can do it any way you want. Either with pen or pencil, for the latest is a combination of both. Ask us for information on this pen-pencil. (490).

WEEKLY MARKET LETTER

of a prominent member of the New York Stock Exchange will be forwarded without obligation. It will give you a resume of the stock market each week together with investment and speculative suggestions. (491).

WHAT IS THE CLASS A STOCK?

Are you interested in the equity behind the Class A stock of the Associated Gas & Electric Company? You will want to learn more about this security if you read the interesting 12-page booklet recently issued. Send for your free copy. (492).

MARKET ACTION

is the title of a bulletin issued every week by a large financial service house, which will keep you advised of the opportunities offered with every turn of the market. Send for your complimentary copy today. (493).

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date

	Bid	Asked
Aeolian Co., pfd. (7)	68	75
Aeolian Weber	10	20
Aeolian Weber, pfd. (7)	30	40
Alpha Port. Cement (3)	52	55
Pfd. (7)	116	..
American Book Co. (7)	130	135
American Cigar (8)	135	142
Pfd. (6)	109	111
Amer. Dist. Teleg. (4)	102	..
Con. Pfd. (7)	112	114
Amer. Meter Co. (5)	122	128
Atlas Port. Cement (2P)	39	41
Pfd. (2.68)	52	60
Babcock & Wilcox (7)	125	128
Bliss (E. W.) Co. (1)	..	..
1st Pfd. (4)	60	..
Cl. B Pfd. (0.60)	10	15
Bohack (H. C.) Co. New (2½)	77	83
1st Pfd. (7)	105	108
Central Aguirre (6P)	38½	39½
Colt Fire Arms (2)	42	44
Congoleum Co. Pfd. (4)	105	..
Continental G. & E.	..	..
Prior Pfd. (7)	102½	103½
Crocker-Wheeler Elec.	130	140
Pfd. (7)	98	103
Detroit & Canada Tunnel	6	6¼
Dixon (Jos.) Crucible (8)	163	169
Fajardo Sugar (10)	117	119
Franklin Rwy. Sup. (4)	58	63
Helme, Geo. W. (4)	110	112
Pfd. (7)	123¾	..
Hercules Powder (8P)	360	375
Pfd. (7)	122	125
Knox Hat (5P)	235	255
Pr. Pfd. (7)	106	111
Part Pfd. (4)	62	68
Leonard, Fitzpatrick, Mueller (1.5)	31¼	33¾
Pfd. (8)	110	115
Ludlow Valve Mfg. (3.75)	45	52
Manhattan Rubber (3)	48	52
Metropolitan Chain Stores:		
New Pfd. (7)	121	124
National Sugar Ref. (7)	180	188
Neisner Bros. Pfd. (7)	180	190
New Eng. Tel. & Tel. (8)	143	146
Phelps Dodge Corp'n (8)	205	215
Remington Arms	34	37
1st Pfd. (7)	98	..
2nd Pfd.	73	..
Royal Baking Powder w. i.	40	41
Pfd. (6)	100	103
Ruberoid Co. (4)	99	101
Savannah Sugar (8)	120	124
Pfd. (7)	114	116
Shaffer Oil & Ref. Pfd. (7)	96	..
Singer Mfg. Co. (10P)	620	650
Singer, Ltd. (¼)	6¼	6½
Superheater Co. (6P)	160	..
Wash. Ry. & Elec. (5)	432	..
Pfd. (5)	99⅜	100
White Rock 2nd Pfd. (10)	180	..
1st Pfd. (7)	100	..
Woodward Iron (4)	68	72
Pfd. (6)	90	..

TRADE TENDENCIES

(Continued from page 584)

steel products during 1928 brings forth some interesting facts. The automotive industries, for the first time, usurped the position of foremost consumer of steel, having taken 18% of the total output, while the railroad industry, which-formerly-occupied first place in this line up, fell back to third place with requirements aggregating 16% of total. The "building and construction" classification was credited with ½% more than the "rails."

These facts become particularly significant when applied to the 1929 outlook for the various industries, inasmuch as success for steel makers is predicated upon the prosperity of consumer trades. In this respect, the automotive lines are considered strong, for the first six months at any rate; construction activity is fair but is unlikely to display quite the advances made during last year; railroad requirements, it is estimated, should expand. Then, among the lesser lines, shipbuilding is apparently on the upswing; pipe-line demands are exhibiting a tendency to slow up, but most of the others, in accord with business in general, give an impression of health. In total, the consensus of opinion leans toward a prediction of sustained consumer demand for the next few months, which is about as far as the average forecaster will commit himself.

Prices have shown no radical swings in either direction, and with profit margins safeguarded at this time, company earnings in the near future will undoubtedly mirror the strength manifest in basic conditions.

Pig iron markets were actuated by no more than the normal turnover of late, but advance business has been contracted for as far ahead as April, and furnaces have little fear of any serious diminution of activity.

SUGAR

Long-Term Outlook Bettered

From current discussions, what appear to be most dominant in the outlook for sugar markets are the questions of expanding world demand, unrestricted Cuban production and possible U. S. tariff changes.

American sugar consumption has failed to show the normal 5% yearly increment within the past two twelve month periods, but the rapid growth of European needs has served to offset this decline to a great extent, while Asiatic markets, which have heretofore been weak as a result of political uncertainties, promise a heavier volume of orders for the future.

In relation to Cuban production, when it is remembered that of an an-

nual world sugar output of about 25 million tons, only one-third is offered for sale in competitive and more or less unprotected markets, and that, of this total, Cuba grows some 50%, it becomes apparent that the prevailing situation on the island merits all the attention it receives. The recent announcement of the removal of Cuban governmental restrictions on sugar output, which had been operative for three years in an unsuccessful attempt to correlate overlarge world production with present consumption needs, has been heralded as a bullish indication, on the ground that, with artificial regulation withdrawn, world sugar production and prices will seek their proper levels in accordance with the normal laws of supply and demand. Of course, inasmuch as changes in sugar conditions are undeniably of slow movement, the final readjustments may be spread over the course of the next few years. The fly in the ointment is a possibility of the future organization of some other controlling body for island growers, who, after all, are primarily interested in achieving higher prices for their product than the 2c per pound which now obtains.

It is said that an upward tariff change on United States imports of Cuban sugar, which will probably undergo discussion at the special session of Congress may have a strengthening effect upon markets later this year, for dealers would relinquish their current hand-to-mouth buying policy in order to replenish their low stocks at favorable prices. However, some sources are doubtful as to the long-term outlook for such an eventuality. They claim that high cost producers in Hawaii, Porto Rico and the Philippines, as well as those in Louisiana and Florida (which, by the way, is developing considerable sugar acreage), whose cane is untaxed, would institute a policy of hurried expansion, with subsequent appreciation in earnings but with detrimental consequences to other sources of world production.

As for the near future, this is the time of the year when crops are being unloaded upon sugar markets, and in the nature of things, prices should exhibit no encouraging revisions for a while, although the questions heretofore discussed may afford changes later on.

ELECTRICAL EQUIPMENT

Large Sales Volume in Prospect

With the best year in the history of the electrical equipment industry just passed, leaders in the trade are almost unanimous in their predictions of a still better annual period to come. Their claims are based upon a multitude of arguments.

Each year since 1924, electric light and power companies have spent

(*Please turn to page* 603)

Statistical Record of Business

	Week Ended Jan. 12, '29	Week Ended Jan. 19, '29	Year Ago
Volume Stock Exchange Transactions (shares)	22,685,970	23,566,550	10,267,493
Average Price Magazine of Wall Street Index	169.0	169.4	116.4
Volume Bond Transactions	$54,909,700	$57,879,450	$65,156,300
Average Price 40 Bonds	89.99-89.68	90.15-89.95	93.60-89.24
Brokers Loans (Federal Reserve)	†$5,312,799,000	‡$5,384,000,000	$3,788,000,000
Comm'l Loans Federal Reserve Member Banks	$9,279,644,000	$9,102,000,000	$8,720,590,000
Federal Reserve Ratio	66.3	67	72.7
Gold Holdings	$2,783,107,000	$2,792,635,000	$2,975,562,000
Rediscount Rate, N. Y.	5%	5%	3½%
Debits to Individual Accounts	†$21,856,929,000	‡$19,942,460,000	$15,312,971,000
Call Money	7%	6%	3½%
Time Money (90 days)	7½-7¾%	7¾%	4⅜-4½%
Commercial Paper	5¼-5½%	5¼-5½%	3¾-4%
Acceptances (90 days)	5-4¾%	5⅛-5%	3½-3⅜%
Dun's Business Failures	635	583	606
Weekly Food Index (Bradst's)	$3.30	$3.37	$3.34
	Dec. 1, '28	Jan. 1, '29	
Wholesale Prices (Bradst's)	$13.15	$12.97	$13.57

Industrial Barometers

	November	December	Year Ago
U. S. Steel Unfilled Tonnage	3,673,000	3,977,000	3,972,000
Steel Ingot Production	4,259,380	4,015,434	3,175,484
Pig Iron Production	3,302,520	3,369,846	2,695,755
Pig Iron Furnaces in Blast	194	201	172
*Copper Production (short tons)	85,382	85,673	79,878
Car Loadings	4,245,028	....	3,822,903
Automobile Production	256,936	....	134,370
Building Permits (Bradstreet's)	$227,403,642	$211,730,357	$248,601,381
Petroleum Production (bbls.)	74,979,000	....	74,233,500
Bituminous Coal Production (net tons)	46,041,000	43,380,000	41,114,000
Cotton Consumption (bales)	610,884	534,352	543,589
Spindles active	30,596,840	30,622,172	31,722,276
Wool Consumption (lbs.)	50,078,537	...	46,321,945
Railroad Earnings	113,694,855	....	86,708,400
% on Railroad Property invested	5.83	....	4.86

Foreign Trade

	November	December	Year Ago
Merchandise Exports	$546,000,000	$475,000,000	$407,649,000
Merchandise Imports	$327,000,000	$338,000,000	$330,921,000
Gold Exports	$22,915,000	$1,636,000	$77,849,000
Gold Imports	$29,591,000	$24,940,000	$10,431,000

Distributive Trades

	October	November	Year Ago
Mail Order Sales	$69,737,560	$66,986,162	$55,841,878
Chain Stores Sales index number 1923-5—100%	174	171	153
Dept. Store Sales index number 1923-5—100%	123	122	122

* U. S. Mines. † Jan. 9. ‡ Jan. 16.

(Continued from page 601)
close to ¾ of a billion dollars on plant improvements and additions; some 4 million homes have been added annually to the roster of electrically lighted residences during the same period, with a corresponding growth in the sales of electrical equipment and appliances. For 1929, it is estimated that the public utility companies operating in these fields will expend 8.5 million dollars for expansion purposes, while the application of electricity to additional communities is progressing with undiminished rapidity. This constant yearly sales factor institutes a fair degree of stability to gross revenues, and with current industrial conditions good, its tenure may be viewed with complacency.

Sales of radio equipment aggregated close to 600 million dollars during 1928, about 20% of total electrical equipment business, while the comparative equilibrium which has entered into this branch of the trade, in addition to the high degree of satisfaction accorded users of newer types of radio sets, augurs well for turnover during this year.

Recent announcements by several of the largest of the Eastern railroad companies that electrification of track, in substantial mileages, would soon be undertaken, is accepted in some quarters as an indication of general policy in railroad operation. Electricity is a logical medium for speeding up movement of traffic, and speed and efficiency are bywords in the railroad field today.

The cost of electrification of rail trackage nears $40,000 per mile and when 2,000 miles of road are to be so treated, the manufacturers of electrical equipment are in line for a sizable addition to sales. Furthermore, purchases of motive power units for operation over this trackage make necessary the outlay of tremendous totals, for the average electric locomotive costs anywhere from $300,000 to $500,000.

Other consuming industries, such as the telephone, telegraph, shipbuilding and automobile lines have begun 1929 activities on a sound basis, and their needs will undoubtedly be heavy. Lighting equipment for airplane landing fields and instruments for the aero industry offer another rapidly enlarging outlet for distribution of electrical products.

However, although sales volume and gratifying profits for the industry appear assured, competition is ever-present, and of a serious nature, so that capable management and integration constitute highly pertinent features in determining individual company earnings.

For Feature Articles to Appear in the Next Issue

See Page 541

San Francisco Stock and Bond Exchange

THIS table is published regularly for the convenience of those of our subscribers and readers who are, or may be, interested in leading Pacific Coast securities.

Bank and Public Utility Stocks

	Div. Rate	1929 High	1929 Low	Last Sale Jan. 17
Anglo & London Paris Nat. Bank	$10.00	255	252½	252½
American Company	4.00	146½	139½	140
Great Western Power Pfd	7.00	107⅛	105½	106½
Pacific Lighting	3.00	73	70	71½
Pacific Telephone & Tel. Pfd	6.00	125	121	124½
Pacific Gas & Elec	2.00	55	54⅛	54⅛
Pacific Gas & Elec. Pfd	1.50	27⅜	27	27¼

Industrial and Miscellaneous

	Div. Rate	1929 High	1929 Low	Last Sale Jan. 17
Atlas Imperial Diesel Engine "A"	1.50	65	60	64
Byron Jackson Pump Company	1.60	86½	77	82½
California Packing	4.00	77	75⅛	76¼
Caterpillar Tractor	3.00	80	75½	76
Clorox Chemical Company	...	50⅛	45⅝	48
Crown-Zellerbach Corp. cm. vtc	...	25⅛	23¼	23½
Crown-Zellerbach Corp. 5% Pfd	5.00	93⅜	92	92⅞
Dairy Dale Company "A"	1.50	25	24	25
Dairy Dale Company "B"	0.75	20½	18¾	18¾
Firemen's Fund Insurance	5.00	131¾	127	131
Foster & Kleiser (cm)	1.00	12¼	12⅛	12⅛
Golden States Milk Prod	1.60	59½	56	56
Hale Brothers	2.00	23	22½	23
Hawaiian Coml. Sugar	3.00	53⅜	50⅛	51⅛
Hawaiian Pineapple	1.80	62⅛	61¾	61⅜
Home Fire & Marine	1.60	46½	42	42
Honolulu Cons. Oil	2.00	38⅛	37	37⅞
Illinois Pacific Glass "A"	2.00	46	44½	44½
Kolster Radio Corp	...	79½	70⅛	71⅞
Magnavox Co.	None	13⅛	9	9⅞
North American Oil	3.60	38	36½	36½
Oliver United Filters, Inc., "A"	2.00	45	42⅝	42
Oliver United Filters, Inc., "B"	...	44¾	39½	40
Paraffine Common	3.00	88½	84	84½
Richfield Cons. Oil	1.00	48⅞	44⅝	45¾
Schlesinger A Common	1.50	21⅛	20¼	20¼
Shell Union Oil	1.40	29	28⅜	28½
Standard Oil of Calif	2.50	72¼	68½	70¼
Union Oil Associates	1.99	51¼	48	48⅜
Union Oil of California	2.00	51¾	48⅜	49¼
Yellow & Checker Cab "A"	4.00	53	50⅛	51

FEDERAL LIGHT & TRACTION

(*Continued from page* 561)

than 60%. Rising gross revenues accompanied by reduced operating ratio, of course, means a greater proportional increase in net earnings and ultimately redounds to the benefit of the stockholders in greater earnings per share.

Gross earnings for the twelve months ended November 30, 1928, were $7,843,650 as against $6,962,554 for the twelve months' period the year before, or an increase of 12.7%. This increase in gross was largely due to the greater output of electric energy which for the eleven months ended November 30, 1928, was 171,999,245 k.w.h. against 146,206,202 k.w.h. for the same period in 1927, an increase of 18%. After operating, administrative expenses and taxes, the total income was $3,168,757 against $2,676,319 the year previous, or an increase of 18.4%. Earnings applicable to the common stock for the respective periods after all charges and preferred dividends but before depreciation were $1,688,152 and $1,360,267, an increase of 24.1%, and equivalent respectively to $3.86 per share and $3.24 per share on the outstanding number of shares for each period. Depreciation charges in 1927 were $449,652, equivalent to $1.06 per share.

Conservative Capitalization

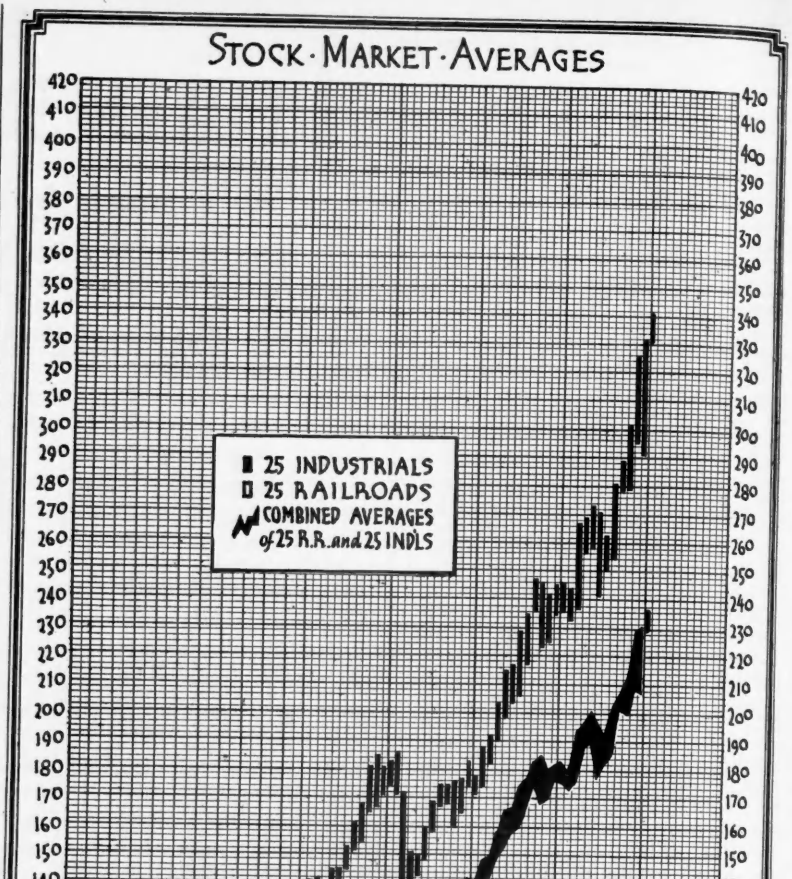
The capitalization naturally has been expanded to provide the money needed for the construction of additional facilities and in some cases to pay for the acquisition of properties. Federal has followed the policy of financing chiefly on the holding company, consequently the subsidiary or operating companies as a whole have relatively few obligations outstanding in the hands of the public. The exceptions are the Springfield Gas and Electric

Company, the Central Arkansas Public Service Corporation, and the New Mexico Power Company which have bonds and preferred stocks outstanding in varying amounts held by the public. The amount of underlying bonds so held on November 30, 1928, amounted to $7,000,100 and the preferred stock $2,492,300 (assuming a value of $100 per share for certain of the 7% no par preferred stock).

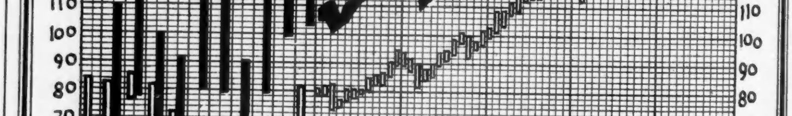
The capitalization of the parent company—Federal Light & Traction Company—consist of $12,219,000 total amount of bonds outstanding, 39,374 shares of $6 cumulative preferred stock, and 443,265 shares of $15 par value common stock. The bond issues are four in number, namely, $3,074,000 First Lien 5% Sinking Fund Gold Bonds due March 1, 1942; $3,163,000 First Lien Stamped 5% Sinking Fund Gold Bonds due March 1, 1942; $3,482,000 First Lien Stamped 6% Sinking Fund Gold Bonds due March 1, 1942, and $2,500,000 6% Debenture Gold Bond Series "B," due December 1, 1954. The First Lien bonds are in effect a first mortgage on a large part of the properties being secured through deposit of the entire issues of first mortgage bonds on all the properties of the operating companies, with the exception of Springfield (Mo.) Gas and Electric Company, Central Arkansas Public Service Corporation, Willapa Electric Company, New Mexico Power Company and the Aqua Pura Company of Las Vegas, N. M., and are additionally secured by the pledge of the entire 50,000 shares of no par common stock of Springfield Gas and Electric Company. All four issues are listed on the New York Stock Exchange. The First Lien Stamped 5% bonds are currently selling for 96 to yield about 5.42% to maturity. The issue is callable at 102. The First Lien Stamped 6% bonds give a slightly higher yield, 5.65%, at the current price of 103 but are callable at 105 through March 1, 1932, 104 through March 1, 1935, and thereafter at 102.

The common stock, which was formerly no par value, was split up in 1925 into 5 shares of $15 par new stock for each share of old stock. It has been the policy of the company to pay dividends partly in cash and partly in stock, thus retaining a portion of the earnings, to be used in expansion. The dividend rate has been 80 cents in cash and 1/25 share of stock annually. This, of course, means a steadily increasing amount of common stock outstanding, but does not necessarily mean a dilution of the earnings, as a substantial portion of the past earnings are reinvested thus building a constantly increasing future earning power.

Reflecting the sharp upward trend in earnings, the common stock last year advanced from a low of 41 to a high of 71 and has continued this year to a new high of 77. At this price the stock is undoubtedly discounting further increases in earnings. The company's development policy, however, has been sound and further progress can confidently be expected.



Market Statistics Figures Will Be Found on Page Opposite



ANSWERS TO INQUIRIES

(*Continued from page 582*)

counsel retention of present holdings with a view to developments. On the other hand, Transcontinental Oil Company can only be regarded as a speculation of the more radical type involving a corresponding degree of risk. The company controls important sources of cheap flush production, but capitalization is heavy, financial position could stand considerable improvement and it is possible that the company may be required to restrict production to some extent. However, the company's position might possibly be strengthened through a merger with a stronger unit in the industry. Purely as a speculative medium, the shares might be retained for the present.

PATHE EXCHANGE

At present I have 200 shares of Pathe A, for which I paid 43 in 1927. Do you think this stock is likely to come back soon? I have heard that its operations are now being sponsored by the Radio-Keith-Orpheum organization. Can you give me any definite details concerning the arrangement and its probable benefits to Pathe stockholders?—W. G. E., High Point, N. C.

On the basis of known facts, we are of the opinion that it is likely to be some time before you will be afforded an opportunity to liquidate your holdings in the class A shares of Pathe Exchange, Inc., at a price which would show you a fair profit on your original commitment. Earnings of the company have been adversely affected by the entry of several of the larger producers into the company's field which it formerly dominated as a leading producer of news reels and other short program features. For the 28 weeks' period ending with July 14th, 1928, the company reported a loss in excess of $2,029,000 and in order to avoid showing a deficit on its balance-sheet it was necessary for stockholders to authorize a reduction in stated value of the common and class A shares to $1 per share. It is understood that the company's earnings underwent some improvement in the last half of the past year but a longer period of sustained improvement will be required before substantial enhancement in the value of the class A shares would be justified. The company has effected a contract with the Radio Corporation of America for use of the Photophone method of producing talking motion pictures and also an important contract with the Radio-Keith-Orpheum Corporation for distribution and exhibition of its features. The latter has apparently given rise to rumors of an impending merger but in the absence of any definite developments along that line, we can only regard the shares on their merits alone, under which circumstances, they appear to constitute a speculation on future prospects, indeterminate at this time.

MARKET STATISTICS

	N. Y. Times	Dow, Jones Avgs.		N. Y. Times 50 stocks		
	40 Bonds	20 Indus.	20 Rails	High	Low	Sales
Thursday, January 3	90.22	305.72	152.63	237.18	232.26	5,095,580
Friday, January 4	90.30	304.75	154.10	236.31	231.58	5,532,200
Saturday, January 5	90.35	302.43	153.53	236.07	232.06	2,839,680
Monday, January 7	90.22	297.70	151.79	232.98	228.81	4,795,000
Tuesday, January 8	90.14	296.98	151.78	232.12	228.38	3,350,300
Wednesday, January 9	90.15	300.83	152.30	233.62	230.12	4,052,900
Thursday, January 10	90.11	301.58	152.82	234.72	231.72	4,021,670
Friday, January 11	90.15	301.66	153.09	234.64	231.46	4,242,400
Saturday, January 12	90.18	301.25	152.91	232.98	231.11	1,723,700
Monday, January 14	90.15	304.06	153.37	233.61	230.74	3,921,050
Tuesday, January 15	90.10	297.66	152.05	234.57	230.28	4,181,350
Wednesday, January 16	89.95	302.66	152.45	233.59	230.90	3,670,300

CHESAPEAKE CORP.

I am glad to see that Chesapeake Corporation stock is again selling around 83—the price I paid for it in 1927. The market action of this stock has been very disappointing during the great bull movements of last year. What are the possibilities for a quick rise in Chesapeake Corporation in view of pending merger developments in the rails? R. D. B., Parkersburg, W. Va.

As you in all probability know the Chesapeake Corporation functions as a holding company, owning 600,000 shares of Chesapeake & Ohio R. R. Based on a quoted value of 218 for Chesapeake & Ohio shares, the company's holdings have a value of $130,-800,000. Deducting $46,800,000 in bonds and adding cash and current assets and the excess of dividends received in 1928, over and above dividends paid, the shares of Chesapeake Corporation would have an actual book value slightly in excess of $97. The fact that the shares do not sell in the market at levels more nearly in line with their book value might possibly be accounted for by the fact that income return is not sufficiently attractive nor is it likely that an upward revision will be made in the near future. Moreover, it is not probable that the company will be liquidated or a distribution of assets made. Nevertheless we feel that the relation between the market value of Chesapeake Corporation shares and the shares of Chesapeake & Ohio should be somewhat closer than that which exists at the present time. With that fact in mind, and considering the probability that the current year will witness favorable developments in connection with the various merger projects of Chesapeake & Ohio, we feel confident in advising present shareholders of Chesapeake Corp. to retain commitments awaiting developments.

CUBAN AMERICAN SUGAR

Do you consider Cuban American Sugar common at 16 a good speculation to hold for about six months? Is payment of the $1 annual dividend likely to continue? Is there any hope for better prices for Cuban sugar by the middle of this year?—F. D. J., Memphis, Tenn.

In the fiscal year ended Sept. 30th, 1928, the Cuban American Sugar Company reported net profits of only $183,-435 after depreciation and taxes, as compared with $1,632,000 the previous year. On the basis of the company's capitalization, this is equal to $2.32 per share on 78,978 shares of 7% preferred stock whereas in the 1927 fiscal year earnings were equal to $1.08 a share on the common stock. After payment of regular dividends on both the preferred and common stock, there was a deficit in excess of $1,369,000 as compared with a surplus of $79,436 in the preceding year. The company is one of the most efficiently operated units in the Cuban sugar industry and its exceptionally strong financial position would enable it to maintain the $1 dividend on the common stock for a reasonable period of time. On the other hand, the outlook for the sugar producing industry, at this time, is anything but bright and while existing quotations for the shares appear sufficiently low to suggest the possibility that the unfavorable aspects of the situation have been rather adequately discounted, we regard the common stock attractive only as an extreme long pull proposition.

WHITE MOTOR

Have you any definite information concerning the rumored merger of White Motor with Mack Trucks? I have 100 shares of White at $43 a share. Would you recommend that I continue to hold? Is White scheduled to go on a $2 basis soon?

B. L. T., Duluth, Minn.

It has been frequently rumored that a merger of White Motor and Mack Trucks is being given serious consideration, but in the absence of actual developments along that line, we are not in a position to make any definite comments, beyond the fact that such merger would be a logical one and result in strengthening the position of both companies. Regardless of this phase of the situation, however, we are inclined to feel that the shares of White Motor Company, on their merits alone, are not without a degree of attraction as a long pull speculation. As you doubtless know, earnings of the company have suffered a sharp decline in the past several years, due to various adverse conditions, and in 1927 a deficit in excess of $1,277,000 was shown. However, a change in management was effected late in 1927, following which a new line of light trucks was introduced. Earnings in the first half of 1928 registered an encouraging improvement and in subsequent months, several very substantial orders were booked. It is our belief that earnings for the past year will closely approximate $3 or $3.50 per share and with the various unfavorable factors in the industry now largely eliminated, the company should register further progress in the current year. Further improvement in earnings, and the likelihood that the company will show an unquestionably strong financial position, lends some weight to the possibility of an upward revision in dividends. In any event, we feel it advisable to retain your present holdings.

TIMKEN ROLLER BEARING

Within the last few months Timken Roller Bearing has announced an increased dividend and a two for one split-up. Do you think that the present price around 150 has discounted the near future prospects of this stock? On your recommendation, I paid 86 for this stock in 1927 and have a substantial profit. Shall I take it?

H. S. B., Casper, Wyoming.

About 90% of all automobiles manufactured in this country are equipped with the products of Timken Roller Bearing Company, under which circumstances, it is not surprising that the company's earnings, in recent years, have shown a steady upward trend, reflecting an unprecedented volume of automobile production. Moreover, the company's list of customers in other fields has been growing steadily and it is reported that more than 100 railroads now use Timken bearings for at least a portion of their rolling stock. In order to meet the in-

creased demand for its products the company is planning to spend 6 millions for plant expansion. It is a foregone conclusion that the company's final report covering operations for the past year will reveal a new high record of earnings. It has been officially stated that about $5.50 per share was earned on the present capitalization, allowing for the 100% stock dividend. This will compare favorably with $4.25 per share earned in 1927 and lends weight to the likelihood that dividends will be inaugurated on the new stock at the rate of $3 per share annually. The company has no funded debt or preferred stock and capitalization is represented solely by 2,401,764 shares. At last reports financial position was exceptionally strong and if present plans of numerous prominent automobile producers are carried out, production records should establish a new high in 1929. It is logical, therefore, to assume that business and earnings of the company in question will undergo further expansion. An estimate of current earnings equal to $8 per share does not seem excessive and if you are not likely to be concerned with temporary market reactions, we would advise holding present commitments for further appreciation.

VANADIUM

Following your advice I have held on to Vanadium Steel and now have more than 30 points profit since June of last year. Shall I continue to hold or accept my profits? I have been told that Vanadium will soon begin to report much larger earnings because of its active entrance into the manufacture of steel for aviation purposes.

L. E. S., Philadelphia, Pa.

Vanadium Corporation of America enjoys the distinction of owning the largest known deposit of vanadium ores in existence at this time. The company also has a half interest in the Rhodesian Vanadium Corporation of South Africa. Vanadium is used principally as an alloy for the purpose of strengthening steel, and in the past, earnings have shown a tendency to fluctuate with conditions in the steel and automobile industries. In 1927 the equivalent of $4.57 per share was earned on 376,637 shares of capital stock, constituting the only capital liability, comparing with $5.50 a share in 1926 and $4.39 per share in 1925. In the past year, however, profits have undergone a moderate decline, although it is our belief that the final showing will not reveal a material reduction in earnings as compared with the previous year. During the past year, the company has been engaged in developing over 100 non-competitive chemical products used in substantial quantities by numerous industries, and in all probability expenses for this purpose have been quite heavy. The company's exceptionally strong financial position, however, has permitted the payment of regular $3 dividend and an extra payment of $1 per share was made last December. The company's entrance into the chemical field, while not likely to be productive of substantial earnings in the near future is a factor of unquestionable importance in gauging longer range prospects and one which should ultimately impart a greater degree of stability to earning power. Existing quotations for the shares, however, appear to have rather fully discounted the present situation, and they now appear primarily attractive for the longer pull. From that standpoint, however, and considering the company's importance in its field, with the possibility that the aviation industry will afford another important outlet for its products, and the likelihood that earnings from chemical products will eventually attain a substantial volume, a constructive attitude seems wholly warranted.

THATCHER MFG.

Last August I saw a report of the Thatcher Mfg. Co. showing considerable improvement in earnings and after looking further into the situation I was rather impressed with the fact that the company manufactured the bulk of milk bottles used in the United States, whereupon I decided to purchase a few shares of the preferred and common stock as a speculative venture. In the light of subsequent market weakness in both issues I have been wondering if I used sound judgment. Could you tell me what has taken place to cause a decline in the shares?

E. A. B., Brooklyn, N. Y.

As you already know, Thatcher Mfg. Company is the dominant factor in its field. The company has an annual capacity of approximately 166 million milk bottles as against total sales in the entire United States for 1927, estimated at 288 million bottles. The company is an old established enterprise and its initial entry into the manufacture of milk bottles took place in 1905. Thatcher holds exclusive rights to the use of the Owens automatic machine, also certain of the Hartford-Empire automatic machines for the manufacture of milk bottles, and has recently developed a new melting furnace reported to be especially adapted to its requirements. Capitalization aside from a nominal amount of 7% preferred stock consists of 132,000 shares of convertible preference and 120,000 shares of common stock. Preference shares are entitled to cumulative dividends at the annual rate of $3.60 per share and are convertible at any time into common stock on a share for share basis. The company's depreciation policy, in relation to capitalization, is a liberal one, and in the first six months of 1928 in which period earnings were equal to 31 cents per share on the common stock after allowing for dividends on both classes of preferred stock, the equivalent of about $1 35 per share of common stock was charged off for depreciation. Depreciation charges in 1927 were equal to $4.70 per share. We are not in possession of earning statements covering the months subsequent to the period mentioned above but the market action of the shares would appear to suggest that earnings have undergone a reversal. We would also point out that a new fibre milk container has recently been introduced and adopted by one of the largest distributors of milk products in New York City. Whether or not this new product will be placed into general use is a matter of conjecture

but it nevertheless tends to cloud the situation. While we hesitate to suggest any action which would entail a sacrifice sale, we believe the disposal of your holdings, upon any reasonably favorable opportunity, would be a conservative procedure.

ELECTRIC STORAGE BATTERY

Would you approve the purchase of Electric Storage Battery stock around current levels? My broker tells me that this stock offers big profit possibilities in the next few months because of the outlook for greatly increased sales in the cars produced by Ford, Chrysler and General Motors. I understand that these auto manufacturers are supplied with batteries by the Electric Storage Battery Co.

C. B. E., Long Branch, N. J.

In our opinion, the shares of Electric Storage Battery have rather attractive possibilities for future enhancement in quoted values, and at prevailing quotations offer the added inducement of a comparatively liberal income return. The company ranks as the largest manufacturer of storage batteries in the world, and while it still finds its principal customers among automobile manufacturers, an important demand arises from numerous other industries, such as radio, public utility, railway equipment, etc. It has been estimated that earnings, in reflection of the unprecedented volume of production shown by the automobile industry last year, will closely approximate $8 per share on the present capitalization. Furthermore, all previous automobile production records will in all probability be exceeded in the current year and with Electric Storage Battery reported to be furnishing the bulk of battery equipment for Ford, Chrysler and General Motors, prospects seem wholly favorable for a continuation of the upward trend in earnings, accompanied by market price appreciation for the shares.

BILLIONS AT STAKE IN RAILROAD SUIT

(Continued from page 549)

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this decision, which really did not decide anything of vital importance in the whole proceeding. Accordingly, appeal was taken to the United States Supreme Court; final argument before that tribunal was heard on January 2 and 3, 1929.

Needless to say, the decision is eagerly awaited by all concerned, most of all the railroads and their security-holders. This court of last resort, however, does not proceed with undue haste. Most prominent railway executives do not look for a decision in less than two or three months. Possibly because of all that is at stake, a still longer time may be taken. Still it has been suggested that this may not be necessary because all the facts and arguments in the case have been well known to the court for a long time

What will the decision be and what the chief effects of it on the railroads and owners of railroad securities, more particularly stocks?

Effect on Securities

These are the questions in which the latter are most vitally interested.

Of course, no one with no more than ordinary commonsense, would attempt a forecast of what a United States Supreme Court decision actually would be. It is perfectly reasonable, on the other hand, to suggest possible trends of the decision, based largely on the principal points at issue, the evidence produced, arguments made and the decision of the court in other cases involving many similar principles and questions.

The court might uphold the I. C. C. basis in determining valuation, without reaching a clear-cut decision on many of the vital principles and questions at issue. This the railroads would regard as unfortunate in the extreme and equally unjust.

The court might lean largely toward the contentions of the carriers. So far as it did this, naturally they would be highly gratified.

What the executives really want is a clean-cut decision by the court of all the vital principles and big questions at issue, without any semblance of dodging or side-stepping, such as was so notably true of the decision of the lower court in this particular case. They hope that the Supreme Court will brush aside all technicalities, legal and otherwise, come out on a big broad plane that will make the position of the carriers and shippers alike clear-cut and unmistakable.

The executives believe that such a decision is just as logical and possible as that handed down by the United States Supreme Court in the famous Indianapolis Water Co. case. It will be recalled that in the latter, due importance was given to present unit costs in determining valuation, and also to other factors to which the executives believe special consideration should be given in determining bases for railroad valuation.

Before attempting to show in greater detail the probable and possible effects of the decision upon the hundreds of thousands of holders of railroad stocks and bonds, it is timely and pertinent to throw a few sidelights on this whole valuation undertaking.

The Gigantic Task of Setting Valuation

Whatever may or may not have been true in 1913, when Senator LaFollette's Valuation Act was passed, regarding the assertion that the capitalization of the railroads was greatly in excess of their true value, it should be borne in mind by all owners of railroad stocks that in the 15 years that have intervened the real values of railroad properties have greatly increased, while the expansion in capitalization has not been proportionate.

This valuation proposition of LaFollette's has been a costly one already. He was reported to have said at the start that it would take only one year and cost about $1,000,000. So far it has been in progress nearly 15 years, and the end is not yet.

The latest figures available show that railroad valuation has cost in excess of $137,000,000, of which the Government has paid something over $32,000,000 and the railroads more than $105,000,000—and still the job is far from completion.

A tentative valuation, and in most cases, a so-called "final" valuation for the railroads of the United States, have been announced by the I. C. C. The joker in this feature of the situation is that there may not be anything "final" about these valuations. Most of them were made as of June 30, 1917, and with few exceptions, have been vigorously protested by the railroads individually.

Furthermore, these valuations, both tentative and final, may be completely, or largely, upset by the forthcoming decision of the Supreme Court. In that event, the gigantic task of finding a "true" valuation for the railroads would have to be undertaken again, notwithstanding the 15 years of thought and labor and millions of dollars already expended. If this should be the outcome, the total cost of railroad valuation would be still further increased by a big sum.

Basis Divergence of View

Thus it can be seen easily that the I. C. C. and the railroads are far apart as to the basis or bases that should be used in determining values for the properties of the latter. The former clings to the unit prices prevailing prior to 1914, with an adjustment to date, but still using those prices. The latter hold that the cost of reproduction now, less depreciation, should be one of the principal factors in the determination of values.

What would be the effects of a decision by the United States Supreme Court substantiating the position of the I. C. C.?

Its members, or a majority, hold that it would make possible a "true" valuation, on which rates fair to shippers and the railroads could be fixed, and likewise a just basis on which to compute "recapture" or "excess" earnings.

The railroads claim that this assertion would not be true in either respect. They say that obviously figures arrived at for present use, on the basis of unit prices in effect prior to 1914, cannot represent true values now, on which to determine either rates or "recapture" earnings.

The opinion is even expressed in important railroad circles that on whatever basis or bases for making valuations for railroad properties may be found by the Supreme Court, those valuations cannot be used for rate making purposes. Those who take this ground assert also that rates never have been determined on valuation alone, never will be, never can be.

Actually, they hold that rates represent largely an adjustment between

shippers and carriers as to what the former can pay and the latter must have to live and prosper. In their judgment the makers of railroad rates must continue to perform their task largely on this basis. They suggest, therefore, that there is little probability of big changes in rates, whatever the decision of the court may be. A recent Washington dispatch indicated that a similar opinion is held at the National Capital.

Other authorities among railway executives do not take such an extreme position as to the unimportance of valuation as a basis for determining railroad rates. They say it must be taken into consideration as a factor, but that rates cannot be fixed on valuation alone.

For instance, one prominent executive pointed out that it is absolutely silly to talk about raising rates on a given commodity simply because the valuation of the railroad or railroads most directly involved seems to justify it. It was further claimed that such action would do no good, but only harm if traffic and competitive conditions do not justify the increase. These days, this authority suggested, water, motor truck and motor bus competition often are more potent factors in rate making than valuation alone possibly can be.

Basis of Recapture

It is admitted on all sides that "recapture" earnings can be figured only on the valuation of the property as a basis. But it is claimed that there are many other factors that must be considered in determining those earnings. Going back a step, it is pointed out that the valuation must be "true" if the "recapture" calculations are to be accurate, and just to the holders of railroad securities.

Here, again, the railroads reiterate that valuations arrived at on the I. C. C. basis and methods simply can't be "true" and consequently that the "recapture" calculations cannot be either accurate or just.

Going still further, the railroads hold that the whole "recapture" proposition, as at present constituted, is illegal and clearly confiscatory. They hold that their position on this point is substantiated by the valuations of their properties already found by the I. C. C., on the basis that it has used.

Again the railroads take the ground that the "recapture" proposition is unjust, to say the least, and in reality confiscatory, because, under the Transportation Act, the 50% of net income in excess of 6% on investment in property, that the railroads are *permitted*—mark the word—to retain, is so prescribed by the Transportation Act as in itself to be confiscatory. This railroad share of "excess" earnings can be expended only for improvements and betterments, and then only in ways set forth in the Transportation Act.

As already shown, the completion of railroad valuation may be a long way off. Only a comparatively small amount of excess earnings has been paid over to the Government—and all of it under vigorous protest. The Interstate Commerce Commission, in its last annual report, showed that during the year only $866,277 had been paid in as "recapture" earnings. This made the grand total to that time $8,007,208. The Commission took occasion to call attention to the fact that these earnings had been calculated on valuations fixed by the railroads and that those valuations and the amount of "recapture" earnings might be materially changed when the method of determining valuation finally was fixed.

A Later Suit?

It may be stated here for the first time, on high authority, that if the decision of the Supreme Court in the O'Fallon case is not satisfactory to the railroads, another "test" case will be brought. It is strongly intimated in important circles that for some time the I. C. C. has been "checking up" several railroads, which it is said to believe should be paying "recapture" earnings into the Federal Treasury.

On January 16th the Commission issued orders to the New York Central, Atchison, Southern to show cause at hearings, to be fixed at later dates, why they should not be making such payments.

It may be assumed as a fact that if the I. C. C. issues an order to one or more such roads to "pay up" and the Supreme Court does not hand down a satisfactory decision in the O'Fallon case, the carriers generally will join with that road or those roads in a lawsuit in another concerted effort to secure a clear and comprehensive decision by the United States Supreme Court of all the broad principles and big problems embraced in the whole valuation proposition.

Therefore, if the O'Fallon decision is decidedly in favor of the railroads and they are to get actually a "true" valuation for their properties, railroad stocks should experience some appreciation.

If the decision is decidedly adverse to the railroads, there may be a temporary selling spasm, but no occasion for holders of standard "rails" to become alarmed. As already shown, an adverse decision would mean another "test" suit. It would serve as a virtual stay to I. C. C. action with respect to valuation in the meantime, which probably would cover a period of from one to two years at least.

The Next Issue Contains

Part I of Our

Annual Dividend Forecast

For Details

See Page 541

PERE MARQUETTE

(Continued from page 563)

The average rate of speed per freight train increased considerably, rising from 9.1 to 12.3 miles per hour, a gain of 35.1%. In consequence of these two increases a reduction of 21% in train hours is indicated, this item representing the cost of train operation, composed largely of wages and fuel. There was a decrease of 25.2% in fuel consumption. Coal consumption declined from 143 lbs. per one thousand gross ton miles in 1923 to 107 lbs. in 1927 and in October, 1928, 103 lbs. were consumed as compared with 106 lbs. in October, 1927. The unit of operating efficiency, gross ton miles per train hour, increased from 12,651 to 18,631 or 46.5%. In October, 1928, 19,468 was reported as compared with 18,496 in the corresponding month of 1927. Other items reflecting gains were the number of cars per train and car miles per freight car day which increased 13.7% and 55.6% respectively. In 1923, the average daily car movement was 19.6 miles and in 1927, 30.5 miles. In October, 1928, the average daily movement was 34.6 miles as against an average daily movement of 32.6 miles in October, 1927. Attention to the various phases of the company's operating progress in recent years is shown in accompanying graphs and in the table of Operating Progress.

As a result of this increased operating efficiency, net railway operating income increased from $7,086,372 to $9,291,667. This gain of $2,205,295 would no doubt have been larger were it not for the decrease in passenger business. How unprofitable the passenger traffic is may be judged from an analysis of passenger revenues per train mile and expenses. Passenger train revenues per passenger train mile declined from $2.13 in 1923 to $2.01 in 1927. The average expenses per passenger train mile in 1923 was $2.94 and in 1927 $2.84. The foregoing figures indicate a loss in 1927 of 83c per passenger train mile, and in 1923 the loss is shown to be 81c per passenger train mile. Losses in passenger train operation were greatly curtailed through the reduction in passenger train service. The passenger train miles in 1923 were 3,276,745 and in 1927 2,245,107, a decrease of 1,031,638.

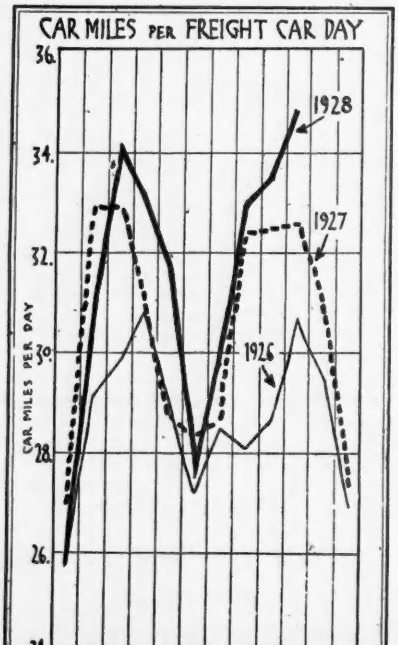
There was an increase of $92,210 in other income but this was offset by an increase of $323,393 in interest charges. In consequence thereof, net income rose from $5,202,810 to $7,176,924, an increase of $1,974,114. Cash dividends which totaled $2,781,410 in 1923 increased to $4,785,130 in 1927. Net income for the period under consideration aggregated $31,457,141 and of this amount $18,318,250 was paid in dividends. The balance, $13,139,091 was reinvested in property. Earnings per share during the period were as follows:

Year	Per Share
1927	$13.31
1926	14.48
1925	11.67
1924	8.33
1923	8.93

Examination of comparative balance sheets for the years ended December 31, 1922, and 1927 discloses that the capital assets increased $28,425,745.89. This increase is made up of $27,504,297.36 investment in road and equipment and $921,448.53 investment in securities of subsidiary lines, etc. Included in the road and equipment is an amount of $2,550,000.00 covering the purchase of new equipment which was financed from the sale of equipment notes. The balance of the increase in capital assets, namely $25,875,745.89, was financed out of earnings and the equipment depreciation reserve. $12,500,000 par value First Mortgage 5% bonds were sold in 1923, but these bonds were issued to reimburse the company's treasury for expenditures made out of earnings and current cash prior to 1923 for additions and betterments and retirement of Collateral Trust 4% bonds.

Many improvements were made to the property, among the more important being the relocation of track and grade revision on 2.12 miles of road to .35% at the McGrew yard at Flint. There was also constructed 11.5 miles of new yard track at a cost of $700,528.

As of December 31, 1927, the company was in a very satisfactory financial condition, with current assets of $12,065,576 and current liabilities of $5,883,294. Included in the current assets were cash, demand loans, etc., amounting to $7,098,555. At the beginning of 1923, cash totaled $5,279,698 and current assets were $9,783,148. Moreover, the company has in its treasury, unissued bonds totaling $14,204,000, and is in excellent condition, therefore, to finance new capital expenditures entirely out of treasury assets.



Sound Capital Structure

Pere Marquette has a well balanced capital structure. Funded debt including $7,926,000 of equipment obligations totaled $53,881,000 and comprised 43.2% of the entire capitalization. On deducting the equipment trusts, bonded debt per mile of road was outstanding at the rate of $20,200, a relatively low figure. The most important issue is the first gold mortgage, authorized in amount of $75,000,000, of which $43,955,000 is outstanding. This obligation is secured by a first lien on 1998 miles of road as well as valuable collateral, but subject to $3,000,000 Lake Erie & Detroit River 4½% bonds, due in 1933. The latter issue is a collateral lien on 199 miles of the company's Canadian mileage. Barring the last named obligation and the equipment issues which mature in relatively small amounts serially, the company is not faced with maturing obligations of magnitude, until 1956.

Stock constituted 56.04 of the entire capitalization. There is authorized and outstanding $11,200,000 cumulative 5% prior preferred stock and $12,429,000 5% preferred stock. This issue is also cumulative. There are no accumulations on either issue and dividends have been paid since 1917 on the prior preferred issue. Payments on the preferred stock were first inaugurated in 1921 and the dividend arrears were finally liquidated in 1923. Dividends on both issues are well protected, having been earned on an average of over five times since 1923 and the margin of safety is gradually increasing.

Common stock is authorized in amount of $54,055,200 and is outstanding in amount of $45,046,000. Dividends at the rate of 4% annually were first paid in 1923 and continued until May 1st, 1926, when the rate was increased to 6% annually. In addition, extra dividends of 2% annually have been paid each year since 1926. In the latter year, the company also declared a stock dividend of 20%, but this was not permitted by the Interstate Commerce Commission on the ground that such a payment was not possible, owing to a deficiency in capitalizable assets. This situation was the result of the low tentative value placed on the company's property devoted to transportation. However, the outcome of whether this appraisal is valid will be decided in the courts ultimately. At present this consideration has no bearing on the merits of the Pere Marquette common shares. Further evidence of their strength is apparent on observing the relatively low percentage of interest and preferred dividends in relation to gross

revenues. In 1927, 8.4% of the latter item was consumed by the two foregoing items. It is this factor undoubtedly, that lends such inherent stability to the earnings on the common stock.

The constructive factors entering into the affairs of Pere Marquette are quite obvious, especially in view of the recent progress with regard to merging with the Chesapeake & Ohio Railway. The Interstate Commerce Commission has already regarded the union between these two properties as being in public interest. When this consolidation will have been effected, better co-ordinated service will undoubtedly be rendered to shippers located on the lines of the new system. A larger volume of better diversified and longer haul traffic will undoubtedly develop when the new property becomes part of a still larger system. With regard to Pere Marquette's continued development as an originator of traffic, attention is drawn to the following table, which most strikingly reflects the growth of Michigan industrially:

Year	Per Cent of Annual Value of Manufactures Reported by Michigan to Total of United States
1899	2.8%
1904	2.9
1909	3.31
1914	4.50
1923	6.45
1925	6.98

Whereas, in 1899 Michigan produced 2.8% of the country's value of manufactured products, the latter amounting to 6.98% in 1925, which are the latest figures reported by the Biennial Census.

Current earnings are running at a very satisfactory rate and will no doubt exceed those reported in 1927. In the circumstances, therefore, the current market quotation of approximately 160 affording a yield of 5.0%, does not adequately reflect the value of Pére Marquette's common stock, based on current earnings or the long term possibilities of this property.

A Correction

A PARAGRAPH inserted by one of our staff in the article by Edward A. Filene, appearing in the issue of December 29, stated that the volume of sales of the twenty-two stores i . the newly organized Hahn Department Stores, Inc., was said to be in excess of one billion dollars a year. This was an error and should have read that the organizers of this new chain expected that its volume, through expansion and additions to the number of stores, would reach a billion dollars eventually.

Mr. Filene's article was written weeks before the announcement of the formation of the Hahn chain, and made no reference to its volume of sales.

Dividends and Interest

Borden's

COMMON DIVIDEND No. 76

A quarterly dividend of $1.50 per share has been declared on the outstanding common stock of this Company, payable March 1, 1929, to stockholders of record at the close of business February 15, 1929. Checks will be mailed.

The Borden Company
WM. P. MARSH, *Treasurer*.

PROFIT PROSPECTS IN 25 LOW-PRICED STOCKS

(Continued from page 572)

$2.33 on the 2,841,672 shares of $25 par value common stock, as against $1.94 on 2,698,014 shares for the same period the preceding year. Earnings for the full year 1928 will probably be about $3 per share, comparing with $2.66 in 1927, and $2.04 in 1926. As it is the policy of the management to finance expansion partly through issue of common stock, rights have been given to the common stockholders from time to time to subscribe at prices considerably below the market. The value of these rights must be added to the dividends in figuring the return on the stock. The present dividend rate is $2 per year, but in 1926 the rights sold at an average of $2.25, in 1927 at 65 cents, and in 1928 at about $2 on each share of stock.

At its current price of 54, the stock is selling at 18 times its earnings and gives a cash dividend yield of 3.7%. Compared with other utility stocks of similar grade this valuation appears conservative especially in view of the company's potentialities in the way of continued growth.

Tide Water Associated Oil Co.

Years	Net Income	Earned per Share
1926 (9 mo.)	$9,711,000	$1.35
1927	5,346,000	.21
1928 (Est.)	15,000,000	2.25

FORMED nearly three years ago to unite under one management Associated Oil, operating on the Pacific Coast, and Tide Water Oil in the mid-continent and eastern fields, Tide Water Associated has taken a place among the more important fully integrated units in the industry. The holding company owns 78% of Tide Water Oil and 95% of Associated, the combined properties producing around 57,000 barrels daily and refining about 120,000.

Tide Water Oil has a production of about 20,000 barrels daily, with pipe line facilities to the Atlantic seaboard, where it owns and operates a refinery of 50,000 barrels' capacity together with an extensive marketing organization. The company is one of the large producers of lubricating oils as well as of gasoline. Associated is an integrated California property with a crude output of 37,000 barrels daily and 80,000 barrels refining capacity, pipe lines, tankers and marketing facilities. Reserve acreage of both subsidiaries is extensive and of promising character.

The holding company has no funded debt and that of the subsidiaries amounts to only $19,446,000. Stock capitalization consists of $72,745,900 6% cumulative convertible preferred, $100 par value, and 4,821,296 shares of common, of no par value.

As of June 30, 1928, current assets were $66,318,000, nearly six times current liabilities of $11,685,000. Cash and marketable securities were $18,380,000. Full dividends are paid on the preferred stock but none on the common since August, 1927.

Earning power of the consolidation has not yet been fairly tested as the holding company was formed just before the results of over-production in the oil industry became apparent. In 1925, combined earnings of the two companies were $2.30 per share, while $1.35 was earned in the last nine months of 1926. In 1927 only 21 cents was earned on present capitalization, but net jumped to $1.51 per share in the first nine months of 1928. Further improvement during the last quarter is indicated, raising the total for the year moderately above $2 per share.

During the year since January 1, 1928, the price range of Tide Water Associated stock on the New York Stock Exchange has been between 14¾ and 25, with the current price about 20, or ten times indicated earnings for the last year. Book value of this stock is about $18 per share.

Although the outlook for the oil industry in general is not entirely satisfactory due to possibilities of renewed over-production, current quotations for Tide Water Associated appear quite reasonable and with both subsidiaries making excellent progress the issue has profit possibilities if held over a reasonable period of time.

Louisville Gas & Electric Company

Year	Total Net Income
1926	$4,456,639
1927	4,733,347
1928*	5,239,915

* 12 months ended Nov. 30th.

DUE to a change in the dividend provisions last year on the class "A" shares of the Louisville Gas & Electric Company of Delaware, this stock is now more in the class of an equity issue than was formerly the case, and offers a good medium for those wishing to share in the growth of a soundly managed utility.

Louisville Gas & Electric Company has a record of consistent growth over a long period of years in the territory which it serves—Louisville, Kentucky and surrounding communities. The company is predominantly an electric enterprise, about 72% of the gross revenues being derived from this source, the remainder coming practically all from manufactured and artificial gas. Aggressive efforts are being made to induce industries to locate in the territory, stimulated to a greater degree by the new Ohio Falls hydro-electric development which has added 80,000 kilowatts capacity to the system, and is designed ultimately for 100,000 kilowatts, more than doubling the capacity of the system. That the community upbuilding campaign conducted over the past several years is meeting with success is indicated by the fact that during 1927 twenty-one new industries were established in Louisville, and more than 22 millions were spent for new buildings. The key to Louisville Gas & Electric Co.'s immediate growth is in the degree to which the electric load is built up to make use of the large amount of additional power. Indications so far point to a steadily increasing industrial load and with this naturally comes an increase in commercial and residential demand.

The class "A" stock of the company is now non-redeemable and preferred over the "B" stock to the extent of $1.50 per share. After payment of a similar amount on the "B" stock, both issues share alike on a share basis in any further dividends. Present dividend rate on the "A" stock is $1.75 per annum. Recently both the "A" and the "B" stockholders were given rights, expiring January 25, 1929, to subscribe to additional stock. After giving effect to this increase, there will be outstanding 695,127 class "A" shares and 300,949 shares class "B" shares. Standard Gas & Electric Co. owns about 90% of the "B" stock which is the voting stock.

Gross earnings for the 12 months ended November 30, 1928, were $9,649,523 an increase of slightly less than 10% over the same period the year previous. Total net income was $5,239,915, an increase of slightly more than 10% above the year before. Per share earnings on the combined "A" and "B" stocks for the full year 1928 should be approximately $3 comparing with $2.01 for the year 1927. *At its present price of 38 (including rights) the "A" stock appears conservatively valued yielding close to 5% and in good position for price appreciation as the company benefits from the industrial expansion in its territory.*

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transfered to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$3.00	Amer. Can cm...	$0.75	Q	1-31	2-15
7.00	Am. Smelt. & Ref. pfd.	1.75	Q	2-1	3-1
10.00	Atchison Top. & Santa Fe	2.50	Q	1-25	3-1
3.00	Brunsw.-Balke coll.	.75	Q	2-5	2-15
Stk	Certo Corp.	33⅓%	Stock	2-1	2-28
5.00	Cluett-Peab. com.	1.25	Q	1-29	2-1
3.00	Consol. Gas com..	.75	Q	2-8	3-15
5.00	Gillette Saf. Raz.	1.25	Q	2-1	3-1
5.00	Hudson & Manh. pfd.	2.50	SA	2-1	2-15
....	Indiana Pipe Line	1.00	Ext	1-25	2-15
4.00	Indiana Pipe Line	1.00	Q	1-25	2-15
2.40	Inter. Paper com.	.60	Q	2-1	2-15
Stk	Macy, R. H......	5%	Ann'l Stk	1-25	2-15
2.00	Macy, R. H......	.50	Q	1-25	2-15
2.00	Miami Copper ...	.50	Q	2-1	2-15
5.00	Nat'l Supply com.	1.25	Q	2-5	2-15
4.00	Norfolk & West. adj. pfd.	1.00	Q	1-31	2-19
3.00	Pacif. Light. com.	.75	Q	1-31	2-15
6.00	Woolworth, F. W., com.	1.50	Q	2-8	3-1

Financial Personalities

RAILWAY executives seem to have found a point of agreement in their expressions of satisfaction over the results of 1928 and the prospects for 1929. P. E. Crowley, president of the New York Central Lines, states: "In considering from a railroad point of view the outlook for business for the year 1929, and in reviewing the occurrences for the past year, the indications would seem to point to a continuance of good business if not to an increase in volume." General W. W. Atterbury, president of the Pennsylvania, remarks: "The New Year promises to be prosperous. Railroad progress will go forward with that prosperity and, as far as possible, ahead of it."

EDWARD G. BUCKLAND, who entered the services of the New York, New Haven & Hartford Railroad Company as an attorney in 1898, has been elected chairman of the board with authority to exercise the powers of president until a successor to the late E. J. Pearson has been chosen.

EUGENE R. TAPPEN, long affiliated with the New York Curb Exchange and one of the first members of the old outside Curb to arouse interest in a plan for its housing, has recently been elected Secretary of that institution.

LAMBERT V. B. CAMERON, for the past twenty years president of the National Sugar Brokers' Association, has declined to accept renomination for the coming year.

WALTER S. GIFFORD, president of American Telephone & Telegraph Company, and Junius S. Morgan, Jr., both partners in the firm of J. P. Morgan & Company, have been elected to the directorate of the United States Steel Corporation. Thomas W. Lamont, also of J. P. Morgan & Company, has been elected a member of the finance committee.

F. B. DAVIS, Jr., representing the du Pont interests in the United States Rubber Company, has been elected president and chairman of the board of directors.

DAVID G. ONG has been elected president of the United States Leather Company to succeed Hiram S. Brown, who resigned to become president of Radio-Keith-Orpheum Corporation.

J. P. MORGAN & COMPANY has admitted to partnership Henry Sturgis Morgan, Thomas Stillwell Lamont, Henry Pomeroy Davison, Thomas Newhall and Edward Hopkinson, Jr. Messrs. Morgan, Lamont and Davison are among the youngest members ever admitted to the firm.

GEORGE W. BOVENIZER, Lewis I. Strauss and Sir William Wiseman, all of whom have been identified with Kuhn, Loeb & Company for some time, have been admitted to partnership.

JAMES M. LEOPOLD & CO. removed today from 7 Wall Street to 70 Wall Street. This house is one of the oldest members of the New York Stock Exchange, its membership dating from 1884.

THE INVESTMENT CLUB A GOOD IDEA GONE WRONG

(*Continued from page* 581)

these friends would do just as well in most cases to "play the market" themselves. In theory, these groups with larger capital than the individuals, can afford far greater diversity in their commitments. In actual practice, however, the capital is all too often concentrated on a few pet issues in about the same way that the average individual purchases securities.

The foregoing will enable us to answer your question as to which club we would prefer, and at the same time gives us an opportunity to state our position on certain types of investment clubs. The second group which you mention in your letter, you say is "really not an investment club." If you will accept our definition, we would say that this really is an investment club and the first "proposition" that you mention is not—at least it is not our idea of an investment club. You understand, of course, that we have not sufficient data about either one to judge them on their own relative merits; what we refer to is the *type* of club we prefer and our idea of what an investment club really should be.

The most important advantage of an investment club as we have always asserted and have repeatedly emphasized in our investment club articles, is the educational value of these groups. The largest profit that members of an informal club—one in which they are sure to gain—is the discussion of investments at the meetings and their joint endeavor to learn more about securities. In the "old days" investment clubs were organized as much for this purpose as any other and we sincerely regret the changes that the recent years have brought, presenting to prospective members of these "new" clubs the rather vain hope that all they have to do to make their "first million" is organize a club, sign fancy articles of agreement, appoint a manager who has had some luck in the market and then sit down and pray for results.

Dividends and Interest

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n. Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

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Florida

Booklet for Investors

OUR BOOKLET, "8% and Safety," tells the story of the Orange County Building and Loan Association, located in prosperous Orlando and Orange County, Florida. Assets have grown from $11,000 to $3,340,997.81 in six years. $641,688.78 has been paid in dividends to over 3,000 stockholders. Has always paid 8%, payable semi-annually. Shares offered at par, $100, without bonus or commission of any kind. Write for booklet.

Orange County Building & Loan Assn. Orlando, Florida

Kentucky

Invest with Safety in our

7% Paid-Up Stock $102 Per Share

All funds secured by first mortgages on Louisville and Jefferson County real estate.

This Association has always paid withdrawals on demand.

This Association is under the supervision of the State Banking Commissioner.

Resources $6,000,000

Stockholders in thirty states.

Literature and financial statement on request.

GREATER LOUISVILLE SAVINGS & BUILDING ASSOCIATION

Incorporated

Greater Louisville Building, LOUISVILLE, KY.

Tune in on WHAS for Greater Louisville Hour every Saturday 10 P.M. Central Standard Time.

Alabama

8% on Monthly Savings

7% on Fully Paid Certificates

in amounts from $50.00 to $5,000.00 withdrawable on thirty days' notice. Secured by First Mortgages on Homes not to exceed 60% of valuation.

ALABAMA MUTUAL BLDG. & LOAN ASSOCIATION

2004 Third Avenue, Birmingham, Ala.

Under Strict State Supervision

New Jersey

HALSEY BLDG. & LOAN ASS'N

22 Belmont Ave., Newark, N. J.

Under State Banking Dept., New Jersey

6% on Paid-Up Shares

7% on Installment Shares

Send for our booklet

6% on Paid-Up Shares

7% on Installment Shares

7% on Single Payment Shares

10th Ward Building & Loan Assn.

Walnut & Pacific Sts., Newark, N. J.

Assets $3,000,000.00 42nd Year

Oklahoma

VICTOR BUILDING & LOAN ASS'N

Muskogee, Oklahoma

6% on Fully Paid Shares

8% on Prepaid Shares

Never a building and loan failure in Oklahoma. Write for literature.

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n. Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

Colorado

7% Guaranteed INTEREST

Short-term Full-paid certificates maturing in five years. Secured by first mortgages on homes in and around Denver, plus a contingent reserve fund and rigid State Supervision.

Issued in units of $50 to $5000.

DIVIDENDS PAYABLE SEMI-ANNUALLY

Interest to $300 Exempt From Federal Income Tax

Write for Booklet MW

"THE OLD CONSERVATIVE"

THE BANKERS BLDG. & LOAN ASSOCIATION

1510 Glenarm St. Denver, Colo.

Member Colorado State League and United States League of Building & Loan Associations. The Colorado Bankers' Association.

GUARANTEED 5yr Income

on full-paid 6½% Time Certificates.

Secured by select first mortgages on improved city real estate—and backed by Colorado's fastest growing, largest permanent capital Association. Issued any amount, $100 to $10,000. Quarterly or semi-annual interest coupons, payable Chemical National Bank, N. Y., or First National Bank, Denver.

"Silver State" investors live in every state and 11 foreign countries. Our permanent capital guarantees 6½% earnings on Time Certificates for entire 5-year period. Under state supervision.

Folder "C" tells the story.

SILVER STATE BUILDING AND LOAN ASSN.

1648 Welton St. Denver, Colo.

Members: Colorado Bankers Assn., Colorado State and U. S. Building and Loan Leagues.

Louisiana

7% On Savings Secured by First Mortgage on New Orleans Real Estate

Write for Booklet

Reliance Homestead Ass'n

Supervised by State Banking Dept. of Louisiana

207 Camp St., New Orleans, La.

Texas

8% NON-TAXABLE INVESTMENTS

Full paid certificates issued in multiples of 100 dollars, interest payable quarterly in cash. No fees. Interest paid to date of cancellation after 90 days from date of issuance. Write for particulars.

Texas Plains Bldg. & Loan Association

107 West Sixth St., Amarillo, Texas.

West Virginia

Safety—

is assured your savings here—for 41 years we have paid a semi-annual dividend to our thousands of Investors—The past few years these dividends have passed the $300,000 mark annually.

Authorized Capital $10,000,000

Your Money Earns **7%** While Invested Here

Under the supervision of the State Banking Commission.

Jackson Building & Loan Association

W. Va.'s Largest Building & Loan Association.

Huntington, W. Va.

Florida

ONE OF

Florida's Safest Investments

Shares in the

Lakeland Building & Loan Association

Incorporated 1921

ASSETS

More than........$1,000,000.00

We have never failed to more than earn and pay our dividend which is payable quarterly January 1st, April 1st, July 1st and October 1st of each year. Your investment is secured by first mortgages on homes only. We have shareholders in nearly every state. Write for descriptive literature.

P. O. Drawer 629 M.-W.

LAKELAND FLORIDA

To Building and Loan Investors:—

We are endeavoring to give our subscribers and readers more explicit information on their B. & L. holdings. Therefore, we will be pleased to give you an opinion on any individual Association located in the United States, provided we have available data on which to base an opinion. Address Building & Loan Association Dept., The Magazine of Wall Street, 42 Broadway, N. Y. C.

Florida

8% and safety

This Company has the proud record of not having lost a dollar, not having foreclosed a mortgage, has always met withdrawals on demand and has always paid 8 per cent dividends, payable 2 per cent quarterly. We do not employ solicitors nor charge a membership fee on investments. All shares are non-assessable, sold at par and redeemed at par plus earned dividends. Note our steady growth:

April 5, 1921, $0.00
March 31, 1922, $147,608.20
March 31, 1923, $272,463.58
March 31, 1924, $500,130.44
March 31, 1925, $750,097.73
March 31, 1926, $1,208,168.28
March 31, 1927, $1,557,991.60
March 31, 1928, $2,116,982.70
Sep. 30, 1928, $2,555,420.94

ALL LOANS FULLY COVERED BY WINDSTORM INSURANCE

Home Building & Loan Company

Authorized Capital $5,000,000.00

Under State Supervision

E. M. MILLER, *Sec'y-Treas.*

16-18 Laura St., Jacksonville, Florida

EARN 8% ON YOUR SAVINGS and RE-INVESTMENTS

INVESTMENT SHARES AND PASS BOOK ACCOUNTS IN THIS ASSOCIATION ARE SAFEGUARDED.

They meet every requirement of a conservative and liquid investment.

SUBSTANTIAL cash reserve insures availability. Selected first mortgages on carefully appraised homes provides complete security.

100% fire and windstorm insurance is an absolute safeguard. No membership fees, and shares are non-assessable.

CONSERVATIVE management, state supervision and first-class banking references.

Other details on request. Write name and address on margin and MAIL TODAY.

FORT PIERCE BUILDING & LOAN ASSOCIATION

FORT PIERCE FLORIDA

P. O. Box 1818-G

Tennessee

Double your money in 8 years with Safety

"Progressive" full participating shares now paying 2% quarterly, compounded, equal to 8¼% annually. At this rate, $1,000.00 grows to $2,000.00 in 8 years. Deposits as little as $5 monthly accepted. Under supervision State Banking Department. Full details gladly given.

Progressive Bldg. & Loan Assn.

83 Monroe Ave. Memphis, Tenn.

New York Curb Market

IMPORTANT ISSUES

Quotations as of January 16

Name and Dividend	1929 Price Range High	Low	Recent Price
Albert Pick Barth wi.†	8	8	8
Aluminum Co. of Amer.	170	146	160
Aluminum pfd. (6)	104⅝	103½	104⅛
Amer. Cigar (8)	142	140	140
Amer. Cyanamid "B" (1.40)	65⅞	50⅛	56⅛
Amer. Cyanamid pfd. (6)	98	98	98
Amer. Gas Elec. (1)‡	158⅜	128	149¾
American Rayon Products	15¾	15	15⅛
Amer. Super Power A (1.2)†	94¾	62¼	92⅝
Assoc. Gas Elec. "A" (2¼)	55	49¼	53⅛
Celotex Co. (3)	65⅞	62	64½
Centrif. Pipe (0.60)*	13	11	11½
Cities Service (1.2)†	95	88⅜	89
Cities Service Pfd. (6)†	98⅝	97½	98¼
Cons. Gas of Balt. (3)	96	91¼	95
Consolidated Laundries	19⅛	18	18¼
Durant Motors†	20	13⅞	16½
Elec. Bond Share (1)†	192½	167½	190½
Elect. Investors† (3.50 stk.)	90	77½	88
Fajardo Sugar (10)	121¾	118	121
Ford Motor of Canada (15)	890	670	675
Ford Motors, Ltd	20⅝	16⅛	18¾
General Baking*	10⅞	9½	10¾
General Baking Pfd.*	79⅛	76⅛	77¼
Glen Alden Coal (10)†	139	133	135
Gulf Oil (1.5)†	167	142⅛	158⅛
Happiness Candy Stores	5⅝	4⅛	4¾
Hecla Mining (0.60)	17⅛	16	16½
Hygrade Food Products	44	39	39⅜
International Utilities B	17⅛	15¾	16½
Insur. Securities Inc. (1.40)	32⅝	31⅜	31⅞
Land Co. of Florida†	13	10⅝	10⅝
Lion Oil Refining (2.25)*	33½	32¼	33
Lone Star Gas (2)	69⅜	67	69
Metro Chain Stores	80¾	75	75¾

Name and Dividend	1929 Price Range High	Low	Recent Price
Mountain Producers (2.60)†	21⅛	19⅛	19½
National Fuel Gas (1)	27⅜	26⅜	27
New Mex. & Arizona Land†	8½	7½	8⅛
New Jersey Zinc (12)	306	279¾	298
Nipissing Mining (30c)*	3¾	3¼	3⅜
Phelps Dodge (6)	225	199½	209
Pittsburgh & Lake Erie (5)	145	145	145
Puget Sound P. & L.†	102	102	102
Salt Creek Producers (3)†	25⅞	24⅛	24¾
So'east Pwr. & Lt. (1)	85	71½	82⅞
So'east Pwr. & Lt. Pfd. (4)	90	87½	90
Stutz Motors*	34	22½	24⅞
Tobacco Products Export†	3¼	3	3⅛
Transcontinetal Air Trans.	30	25⅞	26⅛
Trans Lux	12	5⅜	10¾
Tubize Artif. Silk† (10)	550	517½	520
Tung-Sol "A" (1.30)	26¾	26	26¾
United Gas & Improvem't (4)	174⅞	161⅝	172
U. S. Gypsum (1.60)	73	67½	69⅝

STANDARD OIL STOCKS

Name and Dividend	1929 Price Range High	Low	Recent Price
Continental Oil	20	18⅝	19
Humble Oil (1.6)†	105¼	97	98½
International Pet. (.75)	57¾	50¼	56½
Ohio Oil (2.75)	74⅜	70⅞	71⅜
Standard Oil of Ind. (3.5)†	103¼	87½	99¼
Vacuum Oil (8)†	126⅜	105½	120⅝

* Listed in the regular way.

† Admitted to unlisted trading privileges.

‡ Application made for full listing.

A SAVINGS PLAN BASED ON STOCK INVESTMENTS

(Continued from page 579)

good service and prompt delivery of certificates. I've often wondered how they could do it in such rush markets of the last year.

Selects Only Dividend Payers

We are picking out dividend payers only. Somehow it gives me a sense of security if the company is able to pay a dividend. If it has been paying for some time, it seems clearer to me that it will be able to continue paying a dividend in the future.

There is the further fact which appeals to me about a dividend payer. Suppose a wrong selection of stock has been made and it slides down hill, I have the feeling that since the dividend is coming in, I can't really lose but can consider it an investment.

Another test we make of a stock is whether it is paying a little better than the current rate. I am always hopeful, in that case, that its price will be lifted up to be on a par with other stocks of its class.

As to the psychology of this type of saving, it has made it very easy for us to save. The various stocks which we own have become very real identities to us. We see their names in the papers every day, watch their ups and downs and it becomes a fascinating game for us to play.

No Thrill in Idle Money

Money in the bank even drawing interest, lacks the thrill of adventure, the possibilities of gains and losses, it is, in fact, something dead. It was easy to withdraw this sort of money and put it into something foolish like a better than ordinary car or an expensive vacation.

We never have any trouble putting money into stocks, getting possession of the certificates and putting them in the good old strong box. While we were pinched a little at first, the dividend checks, while very small, roll in more and more frequently and we have enough extra income to warrant extra expenses.

One little confession about the Building & Loan situation. If we fail to find a suitable stock as had occurred occasionally, we have purchased paid up certificates of Building & Loan companies. We get a much better rate of interest than from the savings bank with the privilege of drawing out at the end of ninety days. We have never yet drawn out any.

So if you are having trouble saving the regular way, try mine. Purchase good, but low priced stocks and get a good kick out of watching their market antics every day of the week.

PROSPECTS OF SOVIET-AMERICAN TRADE

(Continued from page 551)

plants, and for re-equipping and expanding the existing industrial enterprises, amounts to $1,000,000,000 and is about 25% in excess of the expenditures in the preceding year. The present plans of Soviet economic organs call for the investment within the coming five years of nearly $10,000,000,000 in Soviet industry.

Now, Russia has never had a machine building industry of any great proportions. In spite of the three-fold increase in machinery output over the pre-war, a large part of the equipment required for the new factories now being erected or to be placed under construction within the next few years, must come from abroad and especially from the United States. It is important to note that the industries which will be particularly expanded are those which are based on the development of Soviet natural resources, and which will make available large quantities of products for export.

The expected expansion of Soviet foreign trade calls, however, for a reshaping of the existing arrangements in Soviet commercial relations with those countries which are to get the larger part of the trade. Industrial construction necessarily involves a period of several years before any returns are obtained. A factory for which equipment is ordered today will start producing probably two or three years hence. Selling on the installment plan or on a purely credit basis, which is likely to be a necessary feature in the distribution of some of the more expensive products, will postpone still further the time when the returns on the present investments are realized. American manufacturers for whose products the Soviet Union provides a market should take these facts into consideration and be prepared to provide long term credits. A number of large American firms have already followed the example of Germany—which granted credits of 300,000,000 marks on Soviet purchases in that country—and many more will undoubtedly follow.

I deem it self-evident that the extensive economic relations between the Soviet Union and the United States, the possibilities of which I have outlined, call in addition for the establishment of such normal conditions as would preclude the emergence of any interferences of a non-economic nature.

For Feature Articles to Appear in the Next Issue See Page 541

Financial Notices

Dividends and Interest

AMERICAN WATER WORKS AND ELECTRIC COMPANY
INCORPORATED
(of Delaware)

NOTICE OF DIVIDENDS

A quarterly dividend of twenty-five cents (25¢) a share, payable in cash, on the common stock of the Company, has been declared payable February 15, 1929, to common stockholders of record at the close of business on February 1, 1929.

An additional dividend on the common stock, payable in common stock at the rate of 1/40th of one share on each share of such stock outstanding, has been declared payable on February 15, 1929, to common stockholders of record at the close of business on February 1, 1929.

W. K. DUNBAR, *Secretary.*

CLUETT, PEABODY & CO., INC.
COMMON STOCK DIVIDEND NO. 54

The Board of Directors has declared a quarterly dividend of One Dollar and Twenty-Five Cents per share on the Common Stock of the Company payable February 1, 1929, to Stockholders of record at the close of business January 21, 1929. Checks will be mailed by the Irving Trust Company of New York.

D. A. GILLESPIE, Treasurer.
Troy, N. Y., January 9, 1929.

INTERNATIONAL PAPER COMPANY
New York, December 26th, 1928

The Board of Directors have declared a quarterly dividend of sixty (60c) cents a share, on the common stock of this company, payable February 15th, 1929, to Common Stockholders of record, at the close of business February 1st, 1929.
Checks to be mailed. Transfer books will not close.

OWEN SHEPHERD,
Vice-President and Treasurer

INDEPENDENT OIL AND GAS COMPANY
DIVIDEND NUMBER 25

The Board of Directors has declared a dividend of Fifty Cents (50c) per share on the capital stock of this Company, payable January 31st, 1929, to stockholders of record at the close of business January 15th, 1929.

JOHN E. CURRAN, *Secretary.*
Tulsa, Oklahoma, December 22, 1928.

Meetings

INDEPENDENT OIL AND GAS COMPANY
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of the Stockholders of Independent Oil and Gas Company, a corporation organized under the laws of the State of Delaware, will be held in the offices of the Company in the Philtower Building, Tulsa, Oklahoma, on Monday, March 11th, 1929, at 2:00 o'clock P. M., for the purpose of considering and transacting the following business:

(1) To elect Directors for the ensuing year.
(2) To ratify, confirm and approve each and every action taken by the Directors and officers of the Company during the preceding year.
(3) To transact any and all other business of any and every kind that may arise or come before the said meeting or any adjournment thereof.

For the purpose of voting at this meeting a record of stockholders will be taken at the close of business February 11th, 1929.

BY ORDER OF THE BOARD OF DIRECTORS,
JOHN E. CURRAN, *Secretary.*
Tulsa, Oklahoma,
January 16, 1929.

Dividends and Interest

AMERICAN COMMONWEALTHS POWER CORPORATION
New York—St. Louis

DIVIDEND NOTICE

The Board of Directors of American Commonwealths Power Corporation has declared the regular quarterly dividend of $1.75 per share on its First Preferred Stock, Series "A", payable February 1, 1929, to Stockholders of record at the close of business January 15, 1929.

There has also been declared a regular quarterly dividend of $1.62 per share on the First Preferred Stock, $6.50 Dividend Series, payable February 1, 1929, to Stockholders of record at the close of business January 15, 1929.

There has also been declared the regular quarterly dividend of $1.75 per share on the Second Preferred Stock, Series "A", payable February 1, 1929, to Stockholders of record at the close of business January 15, 1929.

Checks in payment of dividends will be mailed.

FREDERICK E. WEBSTER,
Treasurer.

January 14, 1929.

United States Realty and Improvement Company
111 BROADWAY, NEW YORK

The directors of this company today declared a dividend of one dollar ($1.00) on each share of its stock without nominal or par value issued and outstanding, payable on March 15th, 1929, to holders of record of such stock at the close of business on February 15th, 1929.

For the purpose of such dividend, holders of record at the close of business on February 15th, 1929, of certificates for shares of common stock of the par value of one hundred dollars, which will not have been exchanged for certificates of stock without nominal or par value, will be deemed the holders of rceord of 2½ shares of stock without nominal or par value for each share of common stock of the par value of one hundred dollars held on such date, as if such exchange had been made, and will be entitled to said dividend.

The proper officers of the company are authorized to withhold payments of aforesaid dividend in so far as dividend is declared in respect of any outstanding one hundred dollars par value common stock certificates until such one hundred dollars par value common stock certificates shall have been surrendered in exchange for certificates of stock without nominal or par value.

A. T. BLACK,
Treasurer.

Dated New York, January 10th, 1929.

Associated Gas and Electric Company

The Board of Directors has declared the following quarterly dividends payable March 1, 1929, to holders of record January 31, 1929:

Dividend No. 16

$6 Dividend Series Preferred Stock—$1.50 per share in cash.

Dividend No. 13

$6.50 Dividend Series Preferred Stock—$1.62½ per share in cash.

M. C. O'KEEFFE,
Secretary.

Dividends and Interest

National Cash Credit Ass'n
NCCA ORGANIZATION

New Jersey Cash Credit Corporation
Preferred Stock Dividend No. 12

The regular quarterly dividend of 15c per share and an extra dividend of 15c per share has been declared on the Preferred Stock of the Corporation, payable January 25th, 1929, to stockholders of record January 14th, 1929.
OSCAR NELSON, Treasurer.

New Jersey Cash Credit Corporation
Common Stock Dividend No. 12

The regular quarterly dividend of 15c per share has been declared on the Common Stock of the Corporation, payable January 25th, 1929, to stockholders of record January 14th, 1929.
OSCAR NELSON, Treasurer.

Connecticut Cash Credit Corporation
Preferred Stock Dividend No. 10

The regular quarterly dividend of 15c per share and an extra dividend of 15c per share has been declared on the Preferred Stock of the Corporation, payable January 25th, 1929, to stockholders of record January 14th, 1929.
OSCAR NELSON, Treasurer.

Connecticut Cash Credit Corporation
Common Stock Dividend No. 10

The regular quarterly dividend of 15c per share has been declared on the Common Stock of the Corporation, payable January 25th, 1929, to stockholders of record January 14th, 1929.
OSCAR NELSON, Treasurer.

Pennsylvania Cash Credit Corporation
Preferred Stock Dividend No. 8

The regular quarterly dividend of 15c per share and an extra dividend of 15c per share has been declared on the Preferred Stock of the Corporation, payable January 25th, 1929, to stockholders of record January 14th, 1929.
OSCAR NELSON, Treasurer.

Pennsylvania Cash Credit Corporation
Common Stock Dividend No. 8

The regular quarterly dividend of 15c per share has been declared on the Common Stock of the Corporation, payable January 25th, 1929, to stockholders of record January 14th, 1929.
OSCAR NELSON, Treasurer.

NOTE: In the case of each Company, stock originally issued after October 25, 1928, will receive a pro rata dividend as per resolution.

HUPP MOTOR CAR CORPORATION

At a Directors' meeting held January 4, 1929, a cash dividend of fifty cents (50c) per share was declared, payable February 1, 1929, to stockholders of record January 21, 1929, and in addition a stock dividend of 2½% quarterly for the four quarters of 1929 was declared, payable:

2½% February 1, 1929, to Stockholders of record January 21, 1929; 2½% May 1, 1929, to Stockholders of record April 15, 1929; 2½% August 1, 1929, to Stockholders of record July 15, 1929; 2½% November 1, 1929, to Stockholders of record October 15, 1929.

G. E. ROEHM, Secretary.